



Council Agenda Statement

Item 5
Meeting Date 11/9/04

- ITEM TITLE:** A. Public Hearing – To Consider Granting a Natural Gas Utility Franchise and Electric Utility Franchise to San Diego Gas & Electric (SDG&E).
- B. Ordinance No. _____ Granting to SDG&E Electric Company its Successors and Assigns, the Franchise to Construct, Maintain and Use Poles, Wires, Conduits and Appurtenances, Including Communication Circuits, Necessary or Proper for Transmitting and Distributing Electricity to the Public for Any and All Purposes in, Along, Across, Upon, Under and Over the Public Streets and Places Within the City of Chula Vista.
- C. Ordinance No. _____ Granting to SDG&E Electric Company its Successors and Assigns, the Franchise to Install, Maintain and Use Pipes, and Appurtenances for Transmitting and Distributing Gas to the Public for Any and All Purposes Under, Along, Across, or Upon the Public Streets and Places as the Same Now or May Hereafter Exist Within the City of Chula Vista.

SUBMITTED BY: Michael T. Meacham, Director Conservation & Environmental Services 

REVIEWED BY: David D. Rowlands, Jr., City Manager 

(4/5ths Vote Yes No X)

The City and San Diego Gas & Electric (SDG&E) have concluded negotiations and the City Council approved a Memorandum of Understanding (MOU) outlining the benefits established through those negotiations on October 12, 2004 and are summarized herein. The City adopted a resolution of intention to grant the franchises at its October 26, 2004 meeting. A draft of the electricity franchise and gas franchise agreements, (Agreements) detailing the terms and conditions of the proposed franchises were presented at that time. Minor modifications have been made to address outstanding issues since that meeting. The final drafts of the Agreements are attached (Attachment I and II).

RECOMMENDATION: That the City Council approve and place on first reading the Ordinances granting a ten-year gas franchise and ten-year electric franchise, with a possible additional new term of 20 years, to SDG&E.

BACKGROUND: SDG&E has held the City's two energy franchise Agreements since 1972. The initial twenty-five-year term expired on November 30, 1997. The City granted SDG&E five-year Agreements on September 1, 1998. Both parties agreed at the time that the five-year term would provide an appropriate "bridge" during the implementation of electricity deregulation in California. The City continued to communicate with SDG&E regarding municipal energy issues and monitor Public Utilities Commission activities during that five-

year period. The City also began formal negotiations with SDG&E in July of 2002, approximately one year prior to the June 30, 2003 expiration date of the existing franchise agreements. The City concluded negotiations with SDG&E in October, and Council adopted an MOU outlining the conceptual framework for future relations between the City and SDG&E on October 12, 2004. On October 26, 2004 the Council approved a resolution of intention, which set a public hearing for November 9, 2004 to accept public comment and consider granting the proposed Agreements on the terms and conditions summarized therein.

BOARD AND COMMISSION RECOMMENDATION: Not Applicable

DISCUSSION: Council's general direction to staff, at the beginning of the negotiations with SDG&E was to obtain the best possible value in energy Agreements for the community, without triggering the need for a surcharge or ratepayer increase. Additionally, Council directed staff to make transmission line undergrounding their number one goal, and target the Chula Vista Bayfront transmission lines as the first objective. Council also directed staff to preserve future municipal energy options whenever possible. The proposed Agreements are consistent with that direction. The following is a summary of the proposed terms and conditions for the energy Agreements (Attachments I and II).

Items applicable to both franchise agreements:

- **Franchise Fee:** Franchise fee for the Electric Franchise will increase from 1.1 to 1.25%. The Gas Franchise Fee will remain at 2.0%. If the statutory Franchise Fee for general law cities is increased during the term of the Franchise, SDG&E will pay the higher rate to the City as soon as authorized for collection by the California Public Utilities Commission.
- **Term:** The initial term for both Agreements shall be for a ten-year period commencing on January 1, 2005 and ending December 31, 2014. Provided all of SDG&E's obligations under the MOU are materially satisfied, SDG&E will automatically receive a new additional 20-year term upon expiration of the initial term.
- **Utility Users Tax (UUT):** To the extent allowed by law, SDG&E shall collect UUT from other electricity providers for remittance to the City.
- **California Municipal Lands Use:** SDG&E shall implement the provisions of California Public Utilities Code Sections 6351, 6352, 6353, 6354 and 6354.1 and remit funds collected to the City.
- **System Upgrades:** SDG&E agrees to include the City in the early implementation of system-wide enhancements (e.g. infrastructure upgrades and ancillary services) to the extent it is consistent with SDG&E's policy to prioritize and construct such system enhancements.
- **Indemnity:** SDG&E will indemnify and hold the City harmless for liabilities proximately resulting from any operations under the franchises.

The following item is applicable only to the Electric Franchise:

- Rule 20A – Undergrounding: SDG&E agrees to expend the City's existing Rule 20A allocation of approximately \$5 million towards the completion of undergrounding projects identified in the MOU or as directed by the City. In addition, new allocations of monies that may be drawn down for future undergrounding projects shall be made at the rate of \$2 million per year.

The City and SDG&E have agreed to a number of other important community benefits that are outlined in the MOU. A summary of the additional benefits in the MOU is as follows:

- The City and SDGE will work together at the California Public Utilities Commission ("CPUC") to have the proposed 230kV line along the Bayfront corridor undergrounded and the removal of two of the existing 138 kV lines and supporting structures, at an estimated cost of \$36-41 million.
- The City and SDG&E will work together at the CPUC to accomplish the undergrounding of the remaining 138kV lines and supporting structures, along the Bayfront corridor from the existing power plant area to the Sweetwater River, which is anticipated to occur before the end of 2008. This will be accomplished through the use of some City 20A funds, which are estimated at \$14 million. If needed, SDG&E has agreed to advance the City up to \$10 million of its 20A funds interest free to complete the City portion of this undergrounding.
- The City has preserved its right to pursue Greenfield Development. If SDG&E fails to fulfill their commitment to underground the Bayfront, by March 2010, the City can initiate the option to do Greenfield Development.
- SDG&E has committed to work with the City to place future facilities along the Bayfront underground and to maintain this area as an underground district.
- SDG&E commits to continue the City's 20A funding at a rate of \$2 million per year for the term of the electric franchise, which is the highest paid in SDG&E's territory and will total \$20 million.
- If all necessary federal, state and local permits are received and an alternative site can be identified, SDG&E will, at its sole cost, relocate the existing switchyard from the power plant site, at an estimated cost of \$50 million.
- SDG&E will spend \$375,000 on the creation of parks on the west side of Chula Vista along its transmission corridor.
- SDG&E will spend \$105,000 to screen and beautify existing substations within the City.

- SDG&E will cooperate with the City's efforts to become a Community Choice Aggregator
- Over the next five years, SDG&E will spend approximately \$2 million annually to ensure Chula Vista customers receive a representative portion of current and future energy conservation and renewable energy projects for a value of \$10 million. In addition, SDG&E agrees to cooperatively work with the City to continue such Public Purpose Funding for the life of the Franchise.
- SDG&E will use the City as its exclusive issuer of SDG&E's Industrial Development Bond issues. They estimate issuing \$1.5 billion for projects within the next 10 years. SDG&E has agreed to increase the City's fee from 25 basis points plus costs to 35 basis points plus costs, which will generate a net increase of approximately \$1.5 million.
- Upon adoption of the franchise agreements, SDG&E will be the provider of electricity to the Chula Vista residents and businesses; however, those same customers will have the option to select the City as their electricity provider. The MOU maintains the City's ability to pursue Community Choice Aggregation once the rules and regulations are established by the CPUC.

The benefits established in the proposed Franchise Agreements and the MOU are part of the current rate structure, and according to the City's discussions with SDG&E, these benefits will not require a surcharge or rate increase. Should SDG&E fail to fulfill its responsibility to underground the Bayfront transmission lines by March 2010, the City shall have the right to pursue Greenfield Development. If the City chooses to pursue Greenfield Development, SDG&E shall have the right to reduce the franchise fee rate for both Agreements to the statutory rate provided for general law cities. By adopting the proposed resolution, the City Council will grant two franchise Agreements to SDG&E under the terms and conditions described herein.

Since the adoption of the resolution of intention on October 26, 2004, staff has continued to work with SDG&E to finalize the provisions of the Agreements. A number of minor wording changes have been incorporated to clarify the terms of the Agreements. Of significance is a modification to the way the payment to the City is calculated. Previously, SDG&E made a payment in August based upon the previous years franchise fee. Staff has found this has resulted in accounting issues and overpayments. As a result the new franchise has the August payment based upon actual gross receipts. Additionally, provisions have been added or modified to allow the City to sue for forfeiture of the franchise in certain situations and to require SDG&E to notify the City of any sale or transfer of the franchise. The indemnification clause has been modified to include a comprehensive provision requiring SDG&E to indemnify and hold harmless the City and its officers from any and all liability for damages proximately resulting from any operations under the franchise.

FISCAL IMPACT: Council's approval of staff's recommendation will generate a net increase to the General Fund. If the Council elects to approve the proposed Agreements, the electricity franchise fee rate will increase from 1.1% to 1.25% and generate approximately \$2.1 million in new revenues during the initial ten-year term of the franchise.

Separate from the proposed Agreements, the general fund would receive; a one-time payment of \$250,000, and up to \$1.5 million in additional Industrial Development Bond processing fees over the initial ten-year agreement term. Additionally, at the end of the initial term and later, the City is likely to benefit from increased land values that are a result of the energy infrastructure improvements and increased development opportunities. The general fund is also likely to generate substantial avoided costs from the implementation of public energy conservation or renewable projects partially funded under the renewable energy and related public purpose programs.

Attachments: DRAFT Gas Franchise Agreement
 DRAFT Electric Franchise Agreement

AN ORDINANCE GRANTING TO SAN DIEGO GAS & ELECTRIC COMPANY, ITS SUCCESSORS AND ASSIGNS, THE FRANCHISE TO CONSTRUCT, MAINTAIN AND USE POLES, WIRES, CONDUITS AND APPURTENANCES, INCLUDING COMMUNICATION CIRCUITS, NECESSARY OR PROPER FOR TRANSMITTING AND DISTRIBUTING ELECTRICITY TO THE PUBLIC FOR ANY AND ALL PURPOSES IN, ALONG, ACROSS, UPON, UNDER, AND OVER THE PUBLIC STREETS AND PLACES WITHIN THE CITY OF CHULA VISTA

WHEREAS, in 1998, in accordance with Article XII of the City Charter, City granted an electric franchise ("Original Franchise") to San Diego Gas & Electric Company ("SDG&E" or "Grantee") pursuant to Ordinance No. 2746; and

WHEREAS, the Original Franchise has expired and City staff and SDG&E representatives have negotiated the terms for a new franchise ("New Franchise"); and

WHEREAS, on October 26, 2004, pursuant to City Council Resolution No. _____, the City approved a resolution of intention to consider the adoption of the New Franchise and set a public hearing for such purpose on November 9, 2004 at 6:00 p.m.; and

WHEREAS, on November 9, 2004, a duly noticed public hearing was held on the New Franchise, and all public testimony was reviewed and considered by the City Council, including the City Manager's recommendation to approve the New Franchise, and the City Council approved the placement of this ordinance approving the New Franchise on first reading; and

WHEREAS, on November , 2004, the City Council considered the New Franchise for second reading and adoption.

NOW, THEREFORE, the City Council of the City of Chula Vista does hereby ordain as follows:

A. PROTESTS OVERRULED.

Any and all protests or objections presented to the granting of the New Franchise are hereby overruled.

B. TERMS AND CONDITIONS OF NEW FRANCHISE.

SECTION 1. DEFINITIONS.

Whenever in this ordinance the words or phrases hereinafter in this section defined are used, they shall have the respective meaning assigned to them in the following definitions (unless, in the given instance, the context wherein they are used shall clearly import a different meaning).

(a) The word "Grantee" shall mean San Diego Gas & Electric Company, and its lawful successors or assigns.

(b) The word "City" shall mean the City of Chula Vista, a municipal corporation of the State of California, in its present incorporated form or as a chartered City, in any later reorganized, consolidated, enlarged or reincorporated form.

(c) The word "streets" shall mean the public streets, ways, alleys and places as the same now or may hereafter exist within said City, including state highways, now or hereafter established within said City, and freeways hereafter established within said City.

(d) The phrase "poles, wires, conduits and appurtenances" shall mean poles, towers, supports, wires, conductors, cables, guys, stubs, platforms, crossarms, braces, transformers, insulators, conduits, ducts, vaults, manholes, meters, cut-outs, switches, communication circuits, appliances, attachments, appurtenances and any other property located or to be located in, upon, along, across, under or over the streets of the City, and used or useful in the transmission and/or distribution of electricity.

(e) The phrase "construct, maintain, and use" shall mean to construct, erect, install, lay, operate, maintain, use, repair, or replace.

(f) The phrase "gross receipts" shall mean all gross operating revenues received by Grantee from the sale of electricity to Grantee's customers with points of service within the corporate limits of the City (including, but not limited to, sales to military reservations with points of service within the City's corporate limits) which are credited in Account Nos. 440, 442, 444, 445 and 446 of the current Uniform System of Accounts of the Federal Power Commission as adopted by the California Public Utilities Commission ("CPUC") or similar superseding accounts less uncollectible amounts and less any refunds or rebates made by Grantee to such customers pursuant to orders or

decisions of the California Public Utilities Commission.

(g) The phrase "Utility Users' Tax" shall mean the local taxes added to utility bills of residential and commercial utility customers as defined in Chula Vista Municipal Code, Chapter 3.44 entitled "Utility Users' Tax".

SECTION 2.

GRANT OF FRANCHISE.

The franchise to construct, maintain and use poles, wires, conduits and appurtenances, including communication circuits, necessary or proper for transmitting and distributing electricity to the public for any and all purposes in, along, across, upon, under, and over the public streets, ways and places within said City is hereby granted to San Diego Gas & Electric Company, its successors and assigns. The City will not participate in the provision of any such electric transmission or Distribution Services by itself, or by others within its jurisdictional boundaries for the term of this franchise however, excluding the sale of electric commodity to consumers, or power generation as may be permitted by law and as may be provided in Section I.8.A and I.14.A of the Memorandum of Understanding between the City and SDG&E approved by Resolution No. ____ ("MOU"). "Distribution Services" shall mean the ownership and or operation by the City itself, or with or by any third party, of any facilities, including pipes, wires, and electric utility plant and related services for the transmission or distribution delivery of electricity to consumers within the boundaries of the City. This franchise is granted upon each and every condition herein contained, and shall ever be strictly construed. Nothing shall pass by the franchise granted hereby to Grantee unless it be granted in plain and unambiguous terms. Each of said conditions is a material and essential condition to the granting of said franchise.

SECTION 3.

TERM.

Said franchise shall commence on January 1, 2005 and shall have a primary term of ten (10) years and shall be automatically extended for a new term for an additional twenty (20) year period upon Grantee's material satisfaction of all of the obligations of the MOU. Throughout such term said franchise shall endure in full force and effect until the same shall, with the consent of the Public Utilities Commission of the State of California, be voluntarily surrendered or abandoned by the Grantee, or until the state or some municipal or public corporation thereunto duly authorized by law shall purchase by voluntary agreement or shall condemn and take under the

power of eminent domain, all property actually used and useful in the exercise of said franchise and situate in the territorial limits of the state, municipal, or public corporation purchasing or condemning such property, or until said franchise shall be forfeited for non-compliance with its terms by the Grantee.

SECTION 4.

CONSIDERATION.

(a) Franchise Fees. The Grantee of said franchise shall, during the term thereof, pay to the City one and twenty-five hundredths per cent (1.25%) of the gross annual receipts of said Grantee within the corporate limits of the City. In the event that during the term of this franchise the statutory electric franchise fee paid to general law cities in California is increased to be more than the 1.25% of gross annual receipts as defined herein, the fee to City shall be adjusted to equal such new fee. This adjustment to the fee will become effective as of the date Grantee is authorized by the CPUC to collect such increased amount to the City in its rates. In the event City does not meet its obligations pursuant to Section 2 hereof this franchise fee will be reduced to that paid to California general law cities.

(b) Utility User's Tax-Collection Services. To the extent permitted by law, and solely for those customers within the corporate limits of the City billed directly by Grantee (including customers purchasing power from other electricity providers), Grantee agrees to collect the City's Utility Users' Tax and remit same to the City on a monthly basis. No additions or deletions to the parties subject to this tax shall be made absent the mutual agreement of the parties.

(c) California Municipal Public Lands Use Charge. Grantee shall implement the provisions of California Public Utilities Code Sections 6351, 6352, 6353, 6354 and 6354.1 applicable to a customer who receives electric transmission or distribution service subject to this franchise, and remit such funds collected to the City.

SECTION 5.

REPORTS, DATES OF PAYMENT AND CITY AUDITS.

(a) The Grantee shall file with the Director of Finance of said City, within three months after the expiration of the calendar year, or fractional calendar year, following the date of the granting hereof, and within three months after the expiration of each and every calendar year thereafter, a duly verified statement showing in detail the total gross receipts of such Grantee during the preceding calendar year, or such fractional calendar year, from the sale of electricity within said City.

(b) Such Grantee shall pay to said City by no later than the end of August of the following calendar year, an amount equal to said franchise fee for the first six months of each year ("Initial Payment"). The Initial Payment shall be calculated using Grantee's actual gross receipts from January 1 through June 30 of each year. Grantee shall pay to City by no later than the end of March of the following calendar year a true-up payment in an amount which, when added to the Initial Payment above, constitutes the City's annual franchise fee for the preceding calendar year.

(c) California Municipal Public Lands Use Charges collected by Grantee pursuant to Section 4(c) shall also be paid in accordance with this schedule.

(d) Any neglect, omission, or refusal by said Grantee to file such verified statement, or to pay said percentage at the time and in the manner specified, shall be grounds for the declaration of a forfeiture of this franchise and all rights of Grantee hereunder.

SECTION 6.

COMPLIANCE WITH LAWS.

(a) In General. All facilities or equipment of Grantee that Grantee shall construct, maintain and use or remove, pursuant to the provisions of the franchise granted herein shall be accomplished in accordance with the ordinances, rules and regulations of City now or as hereafter adopted consistent with such rules and regulations as are promulgated under state law, or orders of the California Public Utilities Commission or other governmental authority having jurisdiction.

SECTION 7.

ADMINISTRATIVE PRACTICES.

(a) Installation, Maintenance, Repair and Removal of Facilities. Grantee and City shall cooperate in preparing a manual of administrative practices which shall govern the permitting, installation, maintenance, repair and removal of Grantee's facilities in the streets of City which shall include, but not be limited to, cathodic protection and street repair standards practices. Once each year, commencing with the first full calendar year of the franchise granted herein, it is to be the joint responsibility of Grantee and City to review and update such administrative practices. Both Grantee and City are charged with the duty to prepare, review, and update such administrative practices by a method of mutual cooperation which shall take into consideration reasonable needs and convenience of each party in order to streamline permitting by e.g. development of master permits and to minimize costs. Following the preparation of said manual, and its approval by the City Council, it shall govern the practices of City and the Grantee in issuance of permits and installation, maintenance and removal of Grantee's facilities in the streets of City.

(b) System Upgrades. Grantee agrees to include the City in the early implementation of system-wide enhancements (e.g. infrastructure upgrades and ancillary services) to the extent such inclusion is consistent with Grantee's then policy to prioritize and construct such system enhancements based on the condition of existing infrastructure in Grantee's service territory.

SECTION 8.

CITY RESERVED POWERS.

(a) Consistent with the terms of Section 2 herein City reserves the right for itself to lay, construct, erect, install, use, operate, repair, replace, remove, relocate, regrade or maintain below surface or above surface improvements of any type or description in, upon, along, across, under or over the streets of the City. City further reserves the right to relocate, remove, vacate, or replace the streets themselves. If the necessary exercise of the aforementioned reserve rights conflicts with any poles, wires, conduits, and appurtenances of Grantee constructed, maintained, and used pursuant to the provisions of the franchise granted hereby, whether previously constructed, maintained and used or not, Grantee shall, without cost or expense to City within ninety (90) days after written notice from the City Manager, or his designated representative, and request so to do, begin the physical field construction of changing the location of all facilities or equipment so conflicting. Grantee shall

proceed promptly to complete such required work.

(b) Notwithstanding anything else in this ordinance to the contrary, the City's right to be an electricity generator retailer, to the extent permitted by law, shall not be limited in any manner by the granting of this franchise.

SECTION 9.

UNDERGROUNDING OF FACILITIES.

(a) Presently Grantee is engaged in a program of converting to underground certain of its facilities in accordance with Decision No. 73078 of the California Public Utilities Commission. At this time, such decision requires Grantee to budget prior to the end of each calendar year certain sums of money for said program for the next succeeding year and allocate these sums to undergrounding projects in the various governmental jurisdictions throughout Grantee's entire electric service territory on the basis of the number of electric customers in each governmental jurisdiction.

(b) Grantee acknowledges and agrees as follows:
(1) as of October 1, 2004 the City's CPUC Rule 20A Fund allocation balance is approximately \$ 5 million. In addition to its obligation to spend existing balances of CPUC Rule 20A Funds, as provided above, during the term of this franchise, Grantee agrees to allocate two million dollars per year of CPUC Rule 20A funds to the City. The Parties have agreed upon specific terms for the allocations of and construction of projects related to such 20A funds set forth in the MOU. Grantee shall not reallocate such monies for any other purpose except with the agreement of the City unless pursuant to CPUC directive. City and Grantee shall meet and confer in the event a proceeding is instituted at the CPUC related to Rule 20A funds to ensure the intent of this provision is realized.

(c) The City must create the undergrounding districts in a timely manner to give all participants sufficient time to design and build. Changes in the order of project development must be mutually agreed upon at least 12 months in advance. The City must take an active role in requiring customers to complete their work and to involve telephone and cable companies in the projects. If right-of-way becomes an issue with any project, Grantee may seek help from the City to resolve the issues.

(d) Grantee agrees to apply for approval of budgeted expenditures of CPUC Rule 20A funds to the extent mandated by the CPUC each year as necessary to implement its obligations under this Section and the MOU. Grantee is

responsible for its own actions and those things within its control. Grantee will not be held liable for nonperformance by telephone system operators, water companies, or other communications or cable system operators, City or customers.

(e) Except as provided in the MOU, nothing contained herein is intended to prevent Grantee from informing City and the California Public Utilities Commission of then existing or foreseeable economic conditions or other factors which in the opinion of Grantee make unwise the granting in whole or in part, of the particular annual application.

(f) This section is intended only to be a portion of the consideration to be paid by Grantee to City for the rights and privileges granted herein and therefore it does not create or confer any rights or obligations to any one other than City or Grantee.

SECTION 10. Duties and Liabilities

(a) Suit for forfeiture of franchise. The City may sue in its own name for the forfeiture of this franchise, in the event of noncompliance with any of the material conditions thereof by the Grantee, its successors, or assigns.

(b) Indemnity. The Grantee shall indemnify and hold harmless the City and its officers from all liability for damages proximately resulting from any operations under the franchise.

(c) Notification of City of sale or transfer of franchise. The Grantee shall file with the legislative body of the City within thirty (30) days after any sale, transfer, assignment, or lease of the franchise or any part thereof, or any of the rights or privileges granted thereby, written evidence of the transaction certified to by the Grantee or its duly authorized officers.

SECTION 11.

REPAIR COSTS.

Grantee shall pay to City on demand the cost of all repairs to City property made necessary by any of the operations of Grantee under the franchise granted hereby, provided, however, that Grantee may make repairs to streets, sidewalks, curbs and gutters itself at its own cost in accordance with City and Grantee's previously agreed specifications if the same can be done without undue inconvenience to the public use of the streets.

SECTION 12.

FORFEITURE AND OTHER REMEDIES.

If Grantee shall fail, neglect or refuse to comply with any of the conditions of the franchise granted hereby, and if such failure, neglect or refusal shall continue for more than thirty (30) days after written demand by the City Manager for compliance therewith, then City, by the City Council, in addition to all rights and remedies allowed by law, thereupon may terminate the rights, privilege, and franchise granted in and by this ordinance, and all the rights, privileges and the franchise of Grantee granted hereby shall thereupon be at an end. Thereupon and immediately, Grantee shall surrender all rights and privileges in and to the franchise granted hereby. No provision herein made for the purpose of securing the enforcement of the terms and conditions of the franchise granted hereby shall be deemed an exclusive remedy or to afford the exclusive procedure for the enforcement of said terms and conditions, but the remedies and procedure outlined herein or provided, including forfeiture, shall be deemed to be cumulative.

SECTION 13.

ACQUISITION AND VALUATION.

Nothing in this ordinance or in the franchise granted hereby shall be construed as in any way impairing City's rights to acquire property of Grantee through the exercise of City's power of eminent domain, or through voluntary agreement between City and Grantee, except as provided in the MOU. In the event that City chooses to exercise its power of eminent domain, it shall do so in accordance with the procedures provided by the general law of the State of California for the condemnation of public utility property. The valuation of such property for condemnation purposes shall be made in accordance with such general law.

SECTION 14.

AUTHORITY FOR GRANT.

Notwithstanding any other provision herein contained, this franchise is granted solely and exclusively under Section 1200, 1201, 1202, 1203, 1204, 1205 and 1206 of Article XII of the Charter of the City of Chula Vista and Chapter 5.30 of the Chula Vista Municipal Code. This franchise is granted subject to any and all additional terms and conditions contained herein.

SECTION 15.

EFFECTIVE DATE.

Subject to the requirements of Section 17, this ordinance) shall become effective thirty days after its final passage. Upon the effectiveness of this ordinance, the commencement of the term shall be January 1, 2005 as provided in Section 3.

SECTION 16.

PUBLICATION COSTS.

The Grantee of said franchise shall pay to the City a sum of money sufficient to reimburse it for all publication expenses incurred by it in connection with the granting thereof; such payment to be made within thirty (30) days after the City shall have furnished such Grantee with a written statement of such expenses.

SECTION 17.

WRITTEN ACCEPTANCE.

The franchise granted hereby shall not become effective until written acceptance thereof, in a form approved by the City Attorney, shall have been filed by the Grantee with the City Clerk.

SECTION 18.

PUBLICATION.

The City Clerk shall cause this ordinance to be published once within fifteen (15) days after its passage in the Chula Vista Star News, a newspaper of general circulation published and circulated in said City.

SECTION 19.

MISCELLANEOUS OBLIGATIONS.


(a) Notice of Significant Transactions. Grantee agrees to provide as much reasonable advance notice as is legally permissible to the City regarding any mergers, buyouts, spin-offs or other transactions materially affecting the nature of the entity to which the City grants this franchise. Such notice shall be consistent with Grantee's obligations under the law relating to disclosures and the limitations placed upon Grantee.

GRANTEE'S ACCEPTANCE:


By its signature hereto, Grantee accepts the franchise granted hereby and agrees to be bound and abide by all covenants, terms and conditions contained herein. Grantee warrants and represents that it is authorized to enter into this Franchise Agreement and that the party executing this franchise on its behalf is duly authorized to do so, without the need for any further action.

ACKNOWLEDGED AND AGREED:

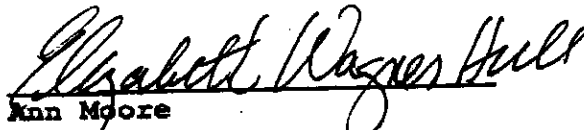
San Diego Gas & Electric
Company

By 
Steven D. Davis
Title: Senior Vice President - External
Relations and Chief Financial Officer

Presented by


Michael T. Meacham
Director of Conservation &
Environmental Services

Approved as to form by


Ann Moore
City Attorney

AN ORDINANCE GRANTING SAN DIEGO GAS ELECTRIC COMPANY, ITS SUCCESSORS AND ASSIGNS, THE FRANCHISE TO INSTALL, MAINTAIN AND USE PIPES AND APPURTENANCES FOR TRANSMITTING AND DISTRIBUTING GAS FOR ANY AND ALL PURPOSES UNDER, ALONG, ACROSS, OR UPON THE PUBLIC STREETS AND PLACES AS THE SAME NOW OR MAY HEREAFTER EXIST WITHIN THE CITY OF CHULA VISTA

WHEREAS, in 1998, in accordance with Article XII of the City Charter, City granted a gas franchise ("Original Franchise") to San Diego Gas & Electric ("SDG&E") pursuant to Ordinance No. 2747; and

WHEREAS, the Original Franchise has expired and City staff and SDG&E representatives have negotiated the terms for a new franchise ("New Franchise"); and

WHEREAS, on October 26, 2004, pursuant to City Council Resolution No. ____, the City approved a resolution of intention to consider the adoption of the New Franchise and set a public hearing for such purpose on November 9, 2004; and

WHEREAS, on November 9, 2004, a duly noticed public hearing was held on the New Franchise, and all public testimony was reviewed and considered by the City Council, including the City Manager's recommendation to approve the New Franchise, and the City Council approved the placement of this ordinance approving the New Franchise on first reading; and

WHEREAS, on November ____, 2004, the City Council considered the New Franchise for second reading and adoption.

NOW, THEREFORE, the City Council of the City of Chula Vista does hereby ordain as follows:

A. PROTESTS OVERRULED.

Any and all protests or objections presented to the granting of the New Franchise are hereby overruled.

B. TERMS AND CONDITIONS OF NEW FRANCHISE.

SECTION 1. DEFINITIONS.

Whenever in this ordinance the words or phrases hereinafter in this section defined are used, they shall have the respective meanings assigned to them in the following definitions (unless, in the given instance, the context wherein they are used shall clearly import a different meaning):

(a) The word "Grantee" shall mean San Diego Gas & Electric Company, and its lawful successors or assigns;

(b) The word "City" shall mean the City of Chula Vista, a municipal corporation of the State of California, in its present incorporated form or in any later reorganized, consolidated, enlarged, or reincorporated form;

(c) The word "streets" shall mean the public streets, ways, alleys and places as the same now or may hereafter exist within said City, including state highways, now or hereafter established within said City, and freeways hereafter established within said City;

(d) The word "gas" shall mean natural or artificial gas, or a mixture of natural and artificial gas;

(e) The phrase "pipes and appurtenances" shall mean pipes, pipelines, mains, services, traps, vents, vaults, manholes, meters, gauges, regulators, valves, conduits, appliances, attachments, appurtenances, and any other property located or to be located in, upon, along, across, under, or over the streets of the City, and used or useful in the transportation, transmission and/or distribution of gas;

(f) The phrase "install, maintain and use" shall mean to lay, construct, erect, install, operate, maintain, use, repair or replace;

(g) The phrase "gross annual receipts" shall mean all gross operating revenues received by Grantee in a calendar year, (or part thereof if the effective is not on January 1 or the end date is not December 31 of any such year), from the sale of gas to Grantee's customers with points of service within the corporate limits of the City (including, but not limited to, sales to military reservations with points of service within the City's corporate limits) which are credited in Account Numbers 480, 481 and 482 of the current Uniform System of Accounts of the Federal Power Commission as adopted by the California Public Utilities Commission, or similar superseding accounts, less uncollectible amounts and less any refunds or rebates made by Grantee to such customers pursuant to orders or decisions of the California Public Utilities Commission.

(h) The phrase "Utility Users' Tax" shall mean the local taxes added to utility bills of residential and

commercial utility customers as defined in Chula Vista Municipal Code, Chapter 3.44 entitled "Utility Users' Tax".

SECTION 2. GRANT OF FRANCHISE.

The franchise to install, maintain and use in the streets of said City all pipes and appurtenances for transporting, transmitting and distributing gas to the public for any and all purposes within said City is hereby granted to San Diego Gas & Electric Company, ("SDG&E") its successors and assigns. The City will not participate in the provision of any such gas transmission or Distribution Services by itself, or by others within its jurisdictional boundaries for the term of this franchise however, excluding those rights and duties specific to the sale of gas commodity to consumers as may be permitted by law and as may be provided in Section I.8.A and I.14.A of the Memorandum of Understanding between the City and SDG&E approved by Resolution No. ____ ("MOU"). "Distribution Services" shall mean the ownership and or operation by the City itself, or with or by any third party, of any facilities, including pipes and gas utility plant and related services for the transmission or distribution delivery of natural gas to consumers within the boundaries of the City of Chula Vista. This franchise is granted upon each and every condition herein contained, and shall ever be strictly construed. Nothing shall pass by the franchise granted hereby to Grantee unless it be granted in plain and unambiguous terms. Each of said conditions is a material and essential condition to the granting and acceptance of said franchise.

SECTION 3. TERM.

Said franchise shall commence on January 1, 2005 and shall continue for a term of ten (10) years and shall thereafter be automatically extended for an additional term of twenty (20) years upon Grantee's material satisfaction of all obligations of the MOU. Throughout such term said franchise shall endure in full force and effect until the same shall, with the consent of the Public Utilities Commission of the State of California, be voluntarily surrendered or abandoned by the Grantee, or until the state or some municipal or public corporation thereunto duly authorized by law shall purchase by voluntary agreement or shall condemn and take under the power of eminent domain, all property actually used and useful in the exercise of said franchise and situate in the territorial limits of the state, municipal, or public corporation purchasing or condemning such property, or until said franchise shall be forfeited for non-compliance with its terms by the Grantee.

SECTION 4. CONSIDERATION.

(a) Franchise Fees. The Grantee of said franchise shall during the term hereof pay to the City two percent (2%) of the gross annual receipts of said Grantee collected within the corporate limits of the City. In the event that during the term of this franchise the statutory gas franchise fee paid to general law cities in California is increased to be more than (2%) of gross annual receipts as defined herein, the fee to City shall be amended to equal such new percentage which fee will become effective as of the date Grantee is authorized by the CPUC to collect such increased amount in its rates. In the event City does not meet its obligations pursuant to Section 2 hereof this franchise fee will be reduced to the statutory fee paid to general law cities.

(b) Utility User's Tax-Collection Services. To the extent permitted by law, and solely for those customers within the corporate limits of the City billed directly by Grantee, Grantee agrees to collect the City's Utility Users' Tax and remit same to the City on a monthly basis. No additions or deletions to the parties subject to this tax shall be made absent the mutual agreement of the parties.

(c) California Municipal Public Lands Use Charge. Grantee shall implement the provisions of California Public Utilities Code Sections 6351, 6352, 6353, 6354 and 6354.1 applicable to a customer who receives natural gas transportation or distribution service subject to this franchise, and remit such funds collected to the City.

SECTION 5. REPORTS, DATES OF PAYMENT, AND CITY AUDITS.

(a) The Grantee shall file with the Director of Finance of said City, within three months after the expiration of the calendar year, or fractional calendar year, following the date of the granting hereof, and within three months after the expiration of each and every calendar year thereafter, a duly verified statement showing in detail the total gross annual receipts of such Grantee during the preceding calendar year, or such fractional calendar year, from the sale of gas within said City.

(b) Such Grantee shall pay to said City by no later than the end of August of the following calendar year, an

amount equal to said franchise fee for the first six months of each year ("Initial Payment"). The Initial Payment shall be calculated using SDG&E's actual gross receipts from January 1 through June 30 of each year. Grantee shall pay to City, by no later than the end of March of the following calendar year a true-up payment in an amount which, when added to the Initial Payment above, constitutes the City's annual franchise fee for the preceding calendar year. .

(c) California Municipal Public Lands Use Charges collected by Grantee pursuant to Section 4(c) shall also be paid in accordance with this schedule.

(d) Any neglect, omission, or refusal by said Grantee to file such verified statement, or to pay said percentage at the time and in the manner specified, shall be grounds for the declaration of a forfeiture of this franchise and all rights of Grantee hereunder.

SECTION 6. COMPLIANCE WITH LAWS.

All facilities or equipment of Grantee that Grantee shall construct, maintain and use or remove, pursuant to the provisions of the franchise granted herein shall be accomplished in accordance with the ordinances, rules and regulations of City or as hereafter adopted consistent with such rules or regulations as are promulgated under state law, or orders of the Public Utilities Commission or other governmental authority having jurisdiction in the premises.

SECTION 7. ADMINISTRATIVE PRACTICES.

(a) Installation, Maintenance, Repair and Removal of Facilities. Grantee and City shall cooperate in preparing a manual of administrative practices which shall govern the permitting, installation, maintenance, repair and removal of Grantee's facilities in the streets of City which shall include, but not be limited to, cathodic protection and street repair practices. Once each year, commencing with the first full calendar year of the franchise granted herein, it is to be the joint responsibility of Grantee and City to review and update such administrative practices. Both Grantee and City are charged with the duty to prepare, review and update such administrative practices by a method of mutual cooperation which shall take into consideration reasonable needs and convenience of each party in order to streamline permitting by e.g. development of master permits and to minimize costs. Following the preparation of said manual, and its approval by the City Council, it shall govern the practices

of City and Grantee in the issuance of permits and installation, maintenance and removal of Grantee's facilities in the streets of City.

(b) System Upgrades. Grantee agrees to include the City in the early implementation of system-wide enhancements (e.g. infrastructure upgrades and ancillary services) to the extent such inclusion is consistent with Grantee's then policy to prioritize and construct such system enhancements based on the condition of existing infrastructure in Grantee's service territory.

SECTION 8. CITY RESERVED POWERS.

(a) Consistent with the terms of Section 2 City reserves the right for itself to lay, construct, erect, install, use, operate, repair, replace, remove, relocate, regrade or maintain below surface or above surface improvements of any type or description in, upon, along, across, under or over the streets of the City. City further reserves the right to relocate, remove, vacate or replace the streets themselves. If the necessary exercise of the aforementioned reserve rights conflicts with any pipes and appurtenances of Grantee constructed, maintained and used pursuant to the provisions of the franchise granted hereby, whether previously constructed, maintained and used or not, Grantee shall, without cost or expense to City within ninety (90) days after written notice from the City Manager, or his designated representative, and request so to do, begin the physical field construction of changing the location of all facilities or equipment so conflicting. Grantee shall proceed promptly to complete such required work.

(b) Consistent with Section 2 above, the City's right to be a gas commodity retailer, to the extent permitted by law, shall not be limited in any manner by the granting of this franchise.

SECTION 9. Duties and Liabilities

(a) Suit for forfeiture of franchise. The City may sue in its own name for the forfeiture of this franchise, in the event of noncompliance with any of the material conditions thereof by the Grantee, its successors, or assigns.

(b) Indemnity. The Grantee shall indemnify and hold harmless the City and its officers from all liability for damages proximately resulting from any operations under the franchise.

(c) Notification of City of sale or transfer of franchise. The Grantee shall file with the legislative body of the City within thirty (30) days after any sale, transfer, assignment, or lease of the franchise or any part thereof, or any of the rights or privileges granted thereby, written evidence of the transaction certified to by the Grantee or its duly authorized officers.

SECTION 10. REPAIR COSTS.

Grantee shall pay to City on demand the cost of all repairs to City property made necessary by any of the operations of Grantee under the franchise granted hereby, provided, however, that Grantee may make repairs to streets, sidewalks, curbs, and gutters itself at its own cost in accordance with City and Grantee's previously agreed upon specifications if the same can be done without undue inconvenience to the public use of the streets.

SECTION 11. FORFEITURE AND OTHER REMEDIES.

If Grantee shall fail, neglect or refuse to comply with any of the conditions of the franchise granted hereby, and if such failure, neglect or refusal shall continue for more than thirty (30) days after written demand by the City Manager for compliance therewith, then City, by the City Council, in addition to all rights and remedies allowed by law, thereupon may terminate the right, privilege and franchise granted in and by this ordinance, and all the rights, privileges and the franchise of Grantee granted hereby shall thereupon be at an end. Thereupon and immediately, Grantee shall surrender all rights and privileges in and to the franchise granted hereby. No provision herein made for the purpose of securing the enforcement of the terms and conditions of the franchise granted hereby shall be deemed an exclusive remedy or to afford the exclusive procedure for the enforcement of said terms and conditions, but the remedies and procedure outlined herein or provided, including forfeiture, shall be deemed to be cumulative.

SECTION 12. ACQUISITION AND VALUATION.

Nothing in this ordinance or in the franchise granted hereby shall be construed as in any way impairing City's rights to acquire property of Grantee through the exercise of City's power of eminent domain, or through voluntary agreement between City and Grantee, except as provided in the MOU. In the event that City chooses to exercise its power of eminent domain, it shall do so in accordance with the procedures provided by the general law of the State of California for the condemnation of public utility property. The valuation of such property for condemnation purposes shall be made in accordance with such general law.

SECTION 13. AUTHORITY FOR GRANT.

Notwithstanding any other provision herein contained, this franchise is granted solely and exclusively under Section 1200, 1201, 1202, 1203, 1204, 1205 and 1206 of Article XII of the Charter of the City of Chula Vista. This franchise is granted subject to any and all additional terms and conditions contained herein.

SECTION 14. EFFECTIVE DATE.

Subject to the requirements of Section 16, this ordinance shall become effective thirty days after its final passage unless superseded by a referendum petition filed as provided by law. Upon the effectiveness of this ordinance, the commencement of the term shall be January 1, 2005 as provided in Section 3.

SECTION 15. PUBLICATION COSTS.

The Grantee of said franchise shall pay to the City a sum of money sufficient to reimburse it for all publication expenses incurred by it in connection with the granting thereof; such payment to be made within thirty (30) days after the City shall have furnished such Grantee with a written statement of such expenses.

SECTION 16. WRITTEN ACCEPTANCE.

The franchise granted hereby shall not become effective until written acceptance thereof, in a form approved by the City Attorney, shall have been filed by the Grantee with the City Clerk.

SECTION 17. PUBLICATION.

The City Clerk shall cause this ordinance to be published once within fifteen (15) days after its passage in the Chula Vista Star News, a newspaper of general circulation published and circulated in said City.

SECTION 18. MISCELLANEOUS OBLIGATIONS.

Grantee agrees to provide as much reasonable advance notice as is legally permissible to the City regarding any mergers, buyouts, spin-offs or other transactions materially affecting the nature of the entity to which the City grants this franchise. Such notice shall be consistent with Grantee's obligations under the law relating to disclosures and the limitations placed upon Grantee.

GRANTEE'S ACCEPTANCE:

By its signature hereto, Grantee accepts the franchise granted hereby and agrees to be bound and abide by all covenants, terms and conditions contained herein. Grantee warrants and represents that it is authorized to enter into this Franchise Agreement and that the party executing this franchise on its behalf is duly authorized to do so, without the need for any further action.

ACKNOWLEDGED AND AGREED:

San Diego Gas & Electric
Company


By: 

Steven D. Davis

Title: Senior Vice President - External
Relations and Chief Financial Officer

Presented by

Approved as to form by


Michael T. Meacham
Director of Conservation &
Environmental Services


Ann Moore
City Attorney

COUNCIL AGENDA STATEMENT

Item 6

Meeting Date: 11/09/04

ITEM TITLE: Resolution Approving a Second Amendment to the Lease Agreement between the City and American Golf Corporation to increase the standard of maintenance from a bronze to a silver standard for the Chula Vista Municipal Golf Course and authorizing the Mayor to execute said Second Amendment

Resolution Amending the City's Master Fee Schedule and Establishing New Greens Fees at Chula Vista Municipal Golf Course

SUBMITTED BY: Director of Public Works Operations

REVIEWED BY: City Manager

(4/5 Vote: Yes ___ No X)

American Golf Corporation (AGC) has submitted a request for a rate increase. It has been approximately five years since the last rate increase submittal by AGC. This report presents an analysis of AGC's operation of the Chula Vista Municipal Golf Course (CVMGC) for the purpose of determining if the proposed fee structure and rate increase should be implemented. The current greens fees have been in effect since January 1, 1999.

Although a request for a fee increase does not necessarily require a lease amendment by AGC, staff has negotiated a lease amendment that increases the standard of maintenance from a bronze to a silver standard for the CVMGC, which includes a modification of the maintenance standards.

RECOMMENDATION: That Council:

- 1) Adopt the Resolution Approving a Second Amendment to the Lease Agreement between the City and American Golf Corporation to increase the standard of maintenance from a bronze to a silver standard for the Chula Vista Municipal Golf Course and authorizing the Mayor to execute said Second Amendment.
- 2) Adopt the Resolution Amending the City's Master Fee Schedule and approving the proposed greens fee increase for the Chula Vista Municipal Golf Course, effective December 1, 2004.

BOARD/COMMISSION RECOMMENDATION: At the October 21, 2004, Parks and Recreation Commission Meeting, the Commission endorsed (5-0) the fee increase with the stipulation that the lease amendment is signed by AGC prior to going into effect and that the Men's and Women's Golf Clubs be notified. The Presidents of the Men's and Women's Golf Clubs were

notified and the proposed rate fee increases were posted at the Pro Shop. The Women's Club supports the fee increase. The Board of Directors for the Men's Club voted unanimously not to oppose the fee increase.

EXECUTIVE SUMMARY:

This report has examined the various components of AGC's operation of the CVMGC and recommends approving a modified rate increase, different from AGC's proposal. Accordingly, this report is divided into three parts; each part examines a different component of the AGC's operation of the CVMGC. The three parts of this report are as follows:

- PART 1:** Presents an analysis of AGC's revenue and expenditure projections for the current calendar year at the CVMGC. Part 1 also provides an overview of the current CVMGC, driving range, food & beverage, pro shop and golf carts operations.
- PART 2:** Provides a comparison of maintenance staff, budgets, acres, maintenance costs per acre, rounds played, and golf operations staffing at CVMGC with Coronado, Bonita, Balboa, and Oceanside's golf courses.
- PART 3:** Presents an analysis of AGC's proposed rate increase. Part 3 also provides a comparison rate survey of comparable golf courses and presents the final recommendations concerning the proposed greens fee increase.

I. INTRODUCTION.

The CVMGC is a municipal golf complex consisting of an 18-hole regulation-length golf course, a golf practice range, a pro shop, a clubhouse incorporating a bar/grill, banquet rooms, kitchen, administrative offices, cart storage, a maintenance yard, and restaurant which was reopened October 27, 2004. The CVMGC is owned by the City of Chula Vista, but operated and maintained under a long-term lease agreement by AGC with the lease term potentially extending through 2016.

The original lease agreement for operation of the golf course and driving range was approved October 15, 1984, effective November 1, 1984, and was subsequently amended on July 1, 1986. The term of the lease is 22 years from the 1984 date, with AGC having the option to extend the lease for five years and then for an additional five years at the end of the first extension, for a total of 32 years. A separate lease agreement for maintenance and operation of the restaurant and bar at the golf course was approved by City Council on July 10, 1986, for a period of 10 years, with AGC having the option of extending the lease for an additional two 10-year terms, for a total of 30 years.¹

This report presents an analysis of AGC's operation of the CVMGC for the purpose of determining if the proposed fee structure and rate increase should be implemented. In addition, this report incorporates the increase in the standard of maintenance from a bronze to a silver standard, as well as recent changes made to the golf course, restaurant, catering operations, and course maintenance.

¹ The extensions for both leases are also dependent upon AGC's compliance with the obligations and responsibilities of the agreements.

PART 1: Overview of CVMGC.

II. CURRENT CVMGC PERFORMANCE.

The revenue budget for operating the CVMGC for calendar year 2004, as provided by AGC, is \$2,534,634. A breakdown of this budget by golf course, driving range, food and beverage, pro shop, and golf carts operations is provided in Table 1. The CVMGC will generate an estimated 94,568 total rounds for the current year, according to AGC. This play level is comparable to the rounds played at Coronado, Bonita, Balboa, and Oceanside's golf courses, which range from 70,000 to 110,000. Anticipated revenue at CVMGC, based on the current fee structure and rates, is summarized as follows:

Table 1
Chula Vista Municipal Golf Course Complex
Revenue Per Round

Operation	Gross Revenue^(A)	Revenue per Round^(B)
Golf Course	\$1,218,579	\$12.89
Driving Range	\$60,474	\$0.64
Food & Beverage	\$706,050	\$7.47
Pro Shop	\$114,046	\$1.21
Golf Carts	\$435,485	\$4.60
TOTAL	\$2,534,634	\$26.80
^(A) Budgeted for calendar year 2004.		
^(B) Calculation by Operation = revenue/94,568 (rounds).		

As indicated above, AGC currently earns \$26.80² in revenue per round (overall). In comparison, the operational and maintenance budget for calendar year 2004, as provided by AGC, is \$2,204,514. Of this amount, \$131,799 represents a supplemental budget increase to meet the silver standard for maintenance and for other improvements. Note that the operational and maintenance budget does not include the \$1,063,146 budgeted for capital improvements for the current calendar year. A breakdown of the operational and maintenance costs by golf course, driving range, food & beverage, pro shop, and golf carts operations is provided in Table 2 on the following page.

² \$2,534,634 (gross revenue)/94,568 (rounds) = \$26.80 per round (earnings).

Table 2
Chula Vista Municipal Golf Course Complex
Expenditures Per Round

Operation	Gross Expenditures^(A)	Expenditures per Round^(B)
Golf Course	\$1,049,242	\$11.10
Driving Range	\$142,273	\$1.50
Food & Beverage	\$711,901	\$7.53
Pro Shop	\$270,916	\$2.86
Golf Carts	\$30,182	\$0.32
TOTAL	\$2,204,514	\$23.31
^(A) Budgeted for calendar year 2004.		
^(B) Calculation by Operation = expenditures/94,568 (rounds).		

As indicated above, AGC currently spends \$23.31³ per round (overall). In May of 2004, staff met with AGC to give them the opportunity to review the data⁴ provided in Tables 1 & 2 and make any comments. AGC did not have any comments, but did submit a supplemental budget increase to meet the silver standard, which is reflected in the data presented in this report.

Overall Operation of CVMGC.

A summary of the revenue and expenditures by golf course, driving range, food & beverage, pro shop, and golf carts operations is provided in Table 3 below.

Table 3
Chula Vista Municipal Golf Course Complex - Summary
Revenue/Expenditures Per Round

Operation	Gross Revenue	Gross Expenditures	Net Profit/Loss	Profit/Loss per Round^(A)
Golf Course	\$1,218,579	\$1,049,242	\$169,337	\$1.79
Driving Range	\$60,474	\$142,273	(\$81,799)	(\$0.87)
Food & Beverage	\$706,050	\$711,901	(\$5,851)	(\$0.06)
Pro Shop	\$114,046	\$270,916	(\$156,870)	(\$1.66)
Golf Carts	\$435,485	\$30,182	\$405,303	\$4.29
TOTAL	\$2,534,634	\$2,204,514	\$330,120	\$3.49
^(A) Calculation by Operation = revenue – expenditures/94,568 (rounds).				

As indicated in Table 3 above, CVMGC is currently operating at a net profit of \$330,120 or \$3.49⁵ per round (overall).

³ \$2,204,514 (gross expenditures)/94,568 (rounds) = \$23.31 per round (costs).

⁴ Data is based on information provided by AGC.

⁵ \$330,120 (net profit)/94,568 (rounds) = \$3.49 per round (net profit).

Golf Course Operation.

The golf course is constructed on an approximately 129-acre site, most of which lies within the Sweetwater River Flood Plain, with the Sweetwater River channel traversing the golf course property. As indicated in Table 3, the golf course function is currently operating at a profit of \$169,337 or \$1.79⁶ per round. Note that AGC has increased their operating budget to meet the silver standard for maintenance. Furthermore, AGC has budgeted an additional \$452,660 this year to make capital improvements to the golf course. Some of the new improvements include:

- Upgrading the irrigation system with new pumps and sprinkler heads;
- Completing tee box renovations; and
- Planting 40,000 square feet of sod and seed.

In comparison, last year AGC spent a total of \$149,838 on capital improvements for the golf course. Staff has been conducting monthly inspections of the golf course to ensure that AGC is adhering to the Lease and Maintenance Standards set by the City of Chula Vista and AGC. Provided below are some of the improvements made to the golf course over the past year. AGC has:

- Planted approximately 40,000 square feet of sod;
- Completed the green expansion project for several holes;
- Completed the sand replenishment for all sand traps;
- Installed a new bridge to #12 crossing; and
- Replaced the main irrigation well pump.

Driving Range Operation.

The driving range revenue for 2004, as provided by AGC, is budgeted at \$60,474. Although the driving range is currently operating at a loss of \$81,799 or \$0.87⁷ per round, AGC plans to spend an additional \$9,500 to purchase concrete driving range pads and mats to help keep the range in good condition. Last year, AGC spent a total of \$33,000 for driving range improvements.

Food & Beverage Operation.

The food and beverage service is located within the clubhouse. This service previously functioned as a 19th Hole-type operation, mainly catering to golfers. In recent years, the restaurant has not operated and the facility was used only for banquets. However, AGC has upgraded and expanded the food and beverage service to incorporate a full service restaurant. AGC retained the services of Thiel and Thiel, a well-known firm specializing in clubhouse interior designs. The renovated clubhouse was opened on October 27, 2004.

⁶ \$169,337 (profit for Golf Course Operation)/94,568 (rounds) = \$1.79 per round (profit).

⁷ \$81,799 (loss for Driving Range Operation)/94,568 (rounds) = \$0.87 per round (loss).

In preparation for the new restaurant and upgraded banquet facility, AGC has hired Ted Teran as the Food and Beverage Director and Marco Schlueter as the Executive Chef. Recently, Ted was the General Manager at Aqua in Dana Point. Prior to that, Ted was the Food and Beverage Director at La Quinta Resort & Club in La Quinta, CA. Marco Schlueter was trained at the Bavarian Hotel Technical College in Alzgen, Germany. He is the former Sous Chef at Alte Bergmuhle, which is a two-star Michelin restaurant located in Dreieich, Germany. Recently, Marco was the Executive Chef at the Remington Club in Rancho Bernardo.

As indicated in Table 3, the food and beverage operation is operating at a loss of \$5,851 or \$0.06⁸ per round for the current year. Note that AGC has spent an additional \$500,000 during the current year for clubhouse renovations and furniture. In the previous year, AGC spent \$88,250 to make repairs to the clubhouse and pro shop and purchase equipment/furniture.

Pro Shop Operation.

The pro shop serves all golfer needs, including tee-time reservations, greens fee collection, starting, and merchandise sales. Annual sales for the pro shop are estimated at \$114,046, as provided by AGC, which has an existing sales inventory of \$68,608. The pro shop is operating at a loss of \$156,870 or \$1.66⁹ per round for the current year. Note that AGC has spent an additional \$10,000 this year to make restroom improvements to the pro shop.

Golf Carts Operation.

AGC has received a new fleet of golf carts in compliance with the lease agreement. The golf carts function is operating at a profit of \$405,303 or \$4.29¹⁰ per round for the current year. The good performance possibly reflects the cart fee increase of \$1.00 approved by the City.

Summary of Operations.

Part 1 of the report has examined the various components of AGC's operation of the CVMGC. As indicated in Table 3, the golf course and golf carts functions are operating at a profit, whereas the driving range, food & beverage, and pro shop functions are operating at a loss. However, overall the CVMGC is currently operating at a net profit of \$330,120 or \$3.49¹¹ per round.

Note that capital expenditures were excluded from the \$3.49¹¹ per round figure because the amount that AGC will spend on capital improvements will vary from year to year. For example, this year AGC plans to spend \$1,063,146 in capital improvements for CVMGC, which includes improvements to the golf course, clubhouse, driving range, and pro shop (see Exhibit A). In comparison, last year AGC spent \$257,538 in capital improvements, which includes improvements to the golf course and clubhouse (see Exhibit B).

⁸ \$5,851 (loss for Food & Beverage Operation)/94,568 (rounds) = \$0.06 per round (loss).

⁹ \$156,870 (loss for Pro Shop Operation)/94,568 (rounds) = \$1.66 per round (loss).

¹⁰ \$450,303 (profit for Golf Cart Operation)/94,568 (rounds) = \$4.29 per round (profit).

¹¹ \$330,120 (net profit)/94,568 (rounds) = \$3.49 per round (net profit).

PART 2: Golf Course Comparison.

III. COMPARISON OF KEY AMENITIES.

According to Section 12.f. of the lease, "the City shall have the right to approve the greens fees charged by Lessee. It is City's intention that such greens fees may be comparable to those fees charged by other comparable public golf courses in San Diego County for similar services".

In preparing their analysis, staff compared the rate increase requested by AGC to comparable courses in the area, such as Coronado, Bonita, Balboa, and Oceanside, as well as to the amenities provided at these comparable courses for the fees charged. The Chula Vista Country Club and Eastlake golf courses were excluded from this analysis because these golf courses are privately and semi-privately owned, respectively. AGC did not object to staff comparing their proposed rate increase to the golf courses mentioned above.

What makes a public golf course comparable to CVMGC and what are similar services? In staff's view, comparability of golf courses is based upon the level of maintenance and services provided, per the following:

Maintenance.

- Standard of maintenance, per AGC's standards per course types;
- Maintenance dollars spent/maintained per acre; and
- Number of maintenance personnel.

Golf course maintenance staffing, budget, acres, maintenance cost per acre, and annual rounds played at CVMGC are compared with Coronado, Bonita, Balboa, and Oceanside golf courses, as shown below:

Table 4
Golf Course Maintenance Comparison

Golf Course	Acres^(A)	Maint. Staff (FTE)	Maintenance Budget^{(B)(C)(D)}	Maint. Cost per acre	Rounds (Annually)	Golf OPS Staff (FTE)^(E)
CVMGC	105	11.0	\$904,960 ^(F)	\$8,619 ^(F)	94,568	3.45
Coronado	110	12.0	\$1,261,124	\$11,465	110,000	6.00
Bonita	N/A	15.0	N/A	N/A	70,000	N/A
Balboa	90	15.0	\$876,405	\$9,738	90,000	5.15
Oceanside	N/A	N/A	N/A	N/A	93,423	N/A

*N/A = Not available.
^(A) Landscaped maintenance areas only. Does not include open space and canyons.
^(B) Budgeted for calendar year 2004.
^(C) Excludes food & beverage, pro shop, and golf cart operations, & water, gas, and electric.
^(D) Reflects modified budget (adjusted downward) in order to make a more equitable comparison for staff cost.
 Note: CVMGC = \$303,933 (payroll)/11 (staff) = \$28,427 (average staff cost per employee).
 Coronado = 12 (staff) x \$28,427 (avg. staff cost) = \$341,124 (staff cost) reflected in budget above;
 The actual staff costs for Coronado are \$940,000.
 Balboa = 15 (staff) x \$28,427 (avg. staff cost) = \$426,405 (staff cost) reflected in budget above;
 The actual staff costs for Balboa are \$1.3 million.
^(E) Includes pro shop staff and shop mechanic.
^(F) Reflects supplemental budget increase of \$107,743 to meet the silver standard.

As indicated in Table 4 above, CVMGC has the smallest maintenance budget (based on the maintenance cost per acre) of the golf courses shown. CVMGC expenditures are about 11% and 25% percent below the comparable courses. Note that these expenditures reflect only the costs to maintain the golf course and driving range and have been adjusted in order to make a fair comparison. However, on June 15, 2004, AGC increased their maintenance budget by \$107,743 to meet the silver standard.

CVMGC has the smallest maintenance staff of the courses shown with 11.0 employees compared to 15.0 for Bonita and Balboa. The staffing includes the superintendent, as well as irrigation and landscape crews, equipment operators, and greenskeepers.

As indicated in Table 4, CVMGC will generate an estimated 94,568 total rounds for the current year. This play level is comparable to the average rounds of 90,800 played at Coronado, Bonita, Balboa and Oceanside's golf courses.

Furthermore, CVMGC has the smallest golf operations staff as shown with only 3.45 employees, whereas, the other golf courses have at least 5.15 employees.

Based on the increased standard of maintenance, CVMGC now ranks as a silver standard in the areas of greens, tees, fairways, bunkers, mowing frequency, and in the roughs. Coronado and Balboa also meet the silver standard.

By going from a bronze to a silver standard, the maintenance level for the golf course has increased to a better standard. For example, the tees and fairways are now mowed three times a week instead of twice a week for tees and only once a week for fairways. As a result, the appearance and playability of the course have improved significantly. In addition, based on the increased standard of maintenance, the City and AGC now have better guidelines in place to monitor the condition of the course. Staff will continue to conduct monthly inspections of the golf course to ensure that AGC is adhering to the new Lease and Maintenance Standards.

PART 3: Rate Increase Analysis.

IV. GREENS FEES INCREASE ANALYSIS.

Table 5 shows CVMGC's current rates, along with AGC's proposal and rates for Bonita, Balboa, Oceanside and Coronado. As indicated in Table 5, resident and non-resident greens fees for CVMGC are well below the average greens fees for the four comparable courses for both weekdays and weekends. Several factors warrant a fee increase at this time. First, on June 15, 2004, AGC unilaterally increased the maintenance standards for the course from a bronze to silver standard. Second, AGC has agreed to a lease amendment to guarantee satisfaction of the silver maintenance standards during the remaining term of the lease. Third, AGC has increased its maintenance budget by over \$100,000 this year alone to meet the silver maintenance standard. Fourth, AGC has budgeted over \$452,000 in 2004 for significant capital improvements to the course. Consequently, with respect to the golf course function, AGC is operating at a loss this year when the cost of capital improvements is taken into consideration. Finally, the last greens fee increase was five years ago and, since that time, the consumer price index has risen approximately 19%¹².

In light of AGC's commitment to increase the maintenance standards at the golf course, staff recommends establishing resident greens fees based upon the average of the four comparable courses identified in Table 5. In addition, staff recommends setting non-resident rates at 25% above the resident rates, except for fees for Super-Twilight, which are proposed to be equal to resident rates. The higher non-resident fees conforms to policy established in the Master Fee Schedule directing the Recreation Department to charge non-residents 25% higher fees for recreational classes. Also, as reflected in Table 5, non-residents typically pay a substantially higher greens fee at municipal golf courses.

Based on staff's proposal, the revenue per round will increase from \$26.80 to \$29.73, an increase of \$2.93 per round, which is an 11% increase per round overall. The gross revenue produced from these recommended greens fees is 21% higher than the revenue from the current greens fees. In comparison, AGC's proposal would increase greens fees by 28% compared to 21% based on staff's recommendation. However, staff does not recommend two of AGC's proposals regarding senior resident rates (Senior Tickets and the \$10 card).

Senior Tickets. AGC proposed to eliminate the senior tickets, thereby, eliminating the monthly \$45 card, which allows seniors unlimited play on weekdays for only \$1 per round. However, staff recommends keeping the senior tickets but increasing the monthly card fee from \$45 to \$50. In addition, staff recommends increasing the ticket fee from \$1.00 to \$2.00 per round, which allows seniors unlimited play on weekdays.

\$10 card. AGC proposed to eliminate the \$10 card, which allows seniors unlimited play at a fee of \$8.25 per round on the weekdays. However, staff recommends keeping the \$10 card but increasing the fee per round from \$8.25 to \$10.00.

¹² Based on CPI - All Urban Consumers for San Diego, CA

Table 5
Competitive Market Analysis

Rates	Bonita	Balboa	Oceanside	Coronado	Average Rate of 4 Courses	CVMGC Existing	AGC's Proposal	Staff's Proposal
<i>Weekday</i>								
Resident 18 holes	22.00	22.00	21.50	20.00	21.38	16.50	22.00	21.50
Non-Resident 18 holes	22.00	35.00	25.00	20.00	25.50	21.00	27.00	27.00
Resident 9 holes	14.00	8.50	12.00	N/A	11.50	9.50	11.00	11.50
Non-Resident 9 holes	14.00	20.00	14.25	N/A	16.08	11.50	13.00	14.00
Resident Twilight	15.00	13.00	12.00	N/A	13.33	10.50	15.00	13.50
Non-Resident Twilight	15.00	21.00	14.25	N/A	16.75	12.50	17.00	17.00
Resident Super-Twilight	10.00	N/A	N/A	10.00	10.00	9.25	11.00	10.00
Non-Resident Super-Twilight	10.00	N/A	N/A	10.00	10.00	9.25	11.00	10.00
Senior (Residents)	N/A	10.50	11.00	N/A	10.75	8.25	10.00	10.00
Senior Ticket (Residents)	N/A	N/A	N/A	N/A	N/A	45.00	None ¹³	50.00
Ticket Fee	N/A	N/A	N/A	N/A	N/A	1.00	None ¹³	2.00
<i>Weekend</i>								
Resident 18 holes	36.00	24.00	24.00	20.00	26.00	20.00	27.00	26.00
Non-Resident 18 holes	36.00	40.00	33.50	20.00	32.38	28.00	34.00	32.50
Resident 9 holes	20.00	8.50	14.25	N/A	14.25	11.50	13.00	14.00
Non-Resident 9 holes	20.00	20.00	16.75	N/A	18.92	14.50	15.00	17.50
Resident Twilight	22.00	13.00	14.25	N/A	16.42	12.50	16.00	16.50
Non-Resident Twilight	22.00	21.00	16.75	N/A	19.92	15.00	20.00	20.50
Resident Super-Twilight	16.00	N/A	N/A	10.00	13.00	11.50	15.00	13.00
Non-Resident Super-Twilight	16.00	N/A	N/A	10.00	13.00	11.50	15.00	13.00
Senior	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

¹³ AGC proposes to eliminate the senior tickets, thereby, eliminating the monthly \$45 card, which allows seniors unlimited play on weekdays for only \$1 (ticket fee) per round.

The following information is provided regarding the play at CVMGC:

- Approximately 60 percent of total play is classified as 18-hole rounds (assuming the \$1.00 senior card play is 18-hole), and 24 percent 9-hole, twilight or super-twilight;
- About 16 percent of total play occurs on weekends (average 141 rounds per day), and 71 percent on weekdays (average 266 rounds per day);
- About 12 percent of total play are tournaments/replays and green fee specials;
- Resident senior monthly cardholder, who pay \$45 per month plus \$1 per round subject to weekday only play restrictions, represent 29 percent of total play, 47 percent of 18-hole play, and 56 percent of weekday 18-hole play;
- Chula Vista residents comprise 64 percent of total annual play and non-residents 23 percent. Senior resident cardholder play represents 46 percent of total resident play; and
- The proposed senior rate of \$10 still remains the lowest when compared with Balboa, Mission Trails, Coronado, and Bonita golf courses.

AGC's proposed greens fee increase would result in additional revenue of \$344,257 annually, of which the City's share would be \$51,639¹⁴ annually. Under staff's proposal, the greens fee increase will result in additional revenue of \$264,658 annually, of which the City's share is \$39,699¹⁴ annually.

¹⁴ City's share is based on 15% of the greens fee increase.

V. CONCLUSION.

This report has examined various components of AGC's operation of the CVMGC for the purpose of determining if the proposed fee structure and rate increase should be implemented. Based on the findings developed in this report, staff recommends changing the fee and approving a modified rate increase, different from AGC's proposal. Based on the current profit and staff's previous observations that CVMGC is comparable to the courses regarding maintenance, and that AGC has increased the standard of maintenance for CVMGC from a bronze to a silver standard, staff recommends an increase in greens fees, effective December 1, 2004.

Staff's goal in undertaking the analysis and making recommendations was to be fair and impartial and present an objective and consistent way to consider a fee increase, based on the information that was provided and the information that staff gathered.

FISCAL IMPACT:

The new greens fee increase will produce an estimated \$39,699 in additional revenue for the General Fund based on a projected 94,568 rounds of golf played at CVMGC.

Attachments:

- Exhibit A: CVMGC Capital Improvements for 2004
- Exhibit B: CVMGC Capital Improvements for 2003
- Exhibit C: Second Amendment to the Lease Agreement

**Chula Vista Municipal Golf Course
Capital Improvements for 2004**

Golf Course Improvements:

• Upgrading the irrigation system (pumps & sprinkler heads)	\$ 400,000
• Tee box renovations	\$ 25,500
• Golf course turf improvements, (incl. 40,000 sq ft sod/seed)	\$ 27,160

Subtotal	\$ 452,660

Golf Course Amenities & Equipment:

• Yardage monuments	\$ 2,880
• Tee signs	\$ 10,450
• Benches	\$ 3,400
• Golf course signage	\$ 600
• Fairway aerifier (equipment)	\$ 25,000
• Utility vehicle (equipment)	\$ 21,000

Subtotal	\$ 63,330

Clubhouse Projects:

• Clubhouse renovations/furniture	\$ 500,000
• Clubhouse landscaping	\$ 10,000
• Charbroiler (equipment)	\$ 4,500

Subtotal	\$ 514,500

Other Projects:

• Fencing for dumpster	\$ 2,350
• Snack bar canopy	\$ 475
• Pro-shop painting	\$ 5,331
• Pro-shop restroom improvements	\$ 10,000
• Painting golf course restrooms	\$ 5,000
• Concrete pad and driving mats	\$ 9,500

	\$ 32,656

TOTAL	\$1,063,146
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**Chula Vista Municipal Golf Course
Capital Improvements for 2003**

Golf Course Improvements:

• Renovate golf course restrooms	\$ 6,600
• Installed shut off valve on irrigation pond	\$ 5,000
• Installed bridge on #12	\$ 51,000
• Enlarge greens on #5, 6, 8, & 15	\$ 8,900
• Added new sand to bunkers	\$ 10,000
• Re-sodded tee box on #16	\$ 1,000
• Replaced main irrigation well pump	\$ 20,000
• Sodded 40,000 square feet	\$ 26,338
• Repaired bridges on #3 & 9	\$ 21,000

Subtotal	\$149,838

Clubhouse Projects:

• Repaired flooring in the 19 th Hole	\$ 5,000
• Kitchen repairs	\$ 2,200
• Purchased new stack oven	\$ 5,400
• New furniture for 19 th Hole	\$ 8,000
• Repaired roof on clubhouse & pro-shop	\$ 67,650

Subtotal	\$ 88,250

Other Projects:

• Repair security lights	\$ 10,000
• New digital alarm system	\$ 6,700
• Streambed testing report	\$ 2,750

	\$ 19,450
TOTAL	\$257,538

SECOND AMENDMENT OF LEASE

1. Identification of Parties. This Second Amendment of Lease (this "Amendment") is made and entered into on this ____ day of November, 2004, by and between the City of Chula Vista, a municipal corporation ("City"), and American Golf Corporation, a California corporation ("Lessee").

2. Recitals.

2.1. City and Lessee are parties to that certain Lease For the Operation of a Public Golf Course and Driving Range dated October 15, 1984 ("Original Lease"). The Original Lease has heretofore been amended by that certain Amendment Number 1 of the Lease dated October 15, 1984 between City and Lessee. The Lease, as so amended, is referred to herein as the "Lease."

2.2. City and Lessee desire to amend the Lease, among other things, to change the standards by which Lessee maintains the demised premises, and to provide for the development of a mutually acceptable long-term capital improvement plan for the golf course, all upon the terms set forth in this Amendment.

In consideration of the foregoing recitals and the mutual covenants contained in this Amendment, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, City and Lessee desire to amend the Lease upon the terms set forth below.

3. Amendments.

3.1. Maintenance Standards.

(a) Section 11.B of the Lease is hereby deleted and replaced with the following:

"B. General Maintenance Specifications. Lessee, solely at its own cost and expense, shall maintain the demised premises in accordance with the Lessee's "Silver" maintenance standards as modified and set forth on Exhibit 'A' attached hereto and incorporated herein by this reference. Each year during the term of this Lease, Lessee shall in good faith establish a budget which specifies the amounts Lessee estimates are necessary for Lessee to expend in order to satisfy its maintenance obligations hereunder for the ensuing calendar year. Lessee shall not modify the maintenance standards set forth in Exhibit A without the express written consent of the City. Exhibit "D" attached to the Lease is hereby deleted, it being understood and agreed that all references in the Lease to Exhibit "D" shall now be to Exhibit "A" attached to this Amendment.

3.2. Capital Improvement Plan. Each year during the term of the Lease, as amended by this Amendment, City and Lessee shall endeavor to develop a mutually agreeable capital improvement plan ("plan") covering the immediately succeeding five (5) full calendar year period. City and Lessee shall act in good faith and reasonably cooperate with each other in developing each such plan. Lessee's obligation to implement the provisions of each plan shall be contingent upon the approval by Lessee's Board of Directors of funding the expenditures required to implement the plan. If Lessee's Board of Directors does not approve such funding for any reason, then Lessee shall not be obligated to expend such funds or implement the applicable plan, and the failure to expend such funds or implement the applicable plan shall not constitute a breach of the Lease, as amended by this Amendment, by Lessee. Notwithstanding that each plan will cover a five (5) year period, City acknowledges that Lessee anticipates that Lessee's Board of Directors will not in any instance approve the expenditure of funds more than one (1) year in advance. Nothing in this section relieves Lessee of its obligation to maintain the demised premises in accordance with the standards set forth in Exhibit A.

4. No Other Changes. Except as expressly amended by this Amendment, the Lease remains unchanged and shall continue in full force and effect.

In witness whereof, City and Lessee have executed this Amendment as of the date first set forth above.

"CITY"

THE CITY OF CHULA VISTA,
a municipal corporation

By: _____
Name: _____
Its: Mayor

Attest:

Susan Bigelow, City Clerk

Approved as to Form:

Ann Moore, City Attorney

"LESSEE"

AMERICAN GOLF CORPORATION,
a California corporation

By: 

Name: Mark J. Friedman

Its: General Counsel/Secretary

EXHIBIT "A"

Maintenance Standards

Overview: All greens are to be smooth, uniformly covered with turf, firm but not hard, well defined and free of all major pest problems. Cups, poles and flags are to be uniform, clean and in good repair. Outline should be consistent with predetermined dimensions.

Greens shall be treated for foreign grasses and weeds, including Kikuyu and common Bermuda grass as appropriate using the latest chemistries available in California applied at the recommended label rates. Quad needle (solid) tine aerations during periods of heavy play and excessive moisture.

Aerification 3/8" to 5/8" tines, 3 times annually. Remove cores and top dress with greens appropriate sand. Fill the cores to greens surface with top dressing sand and level with mat or other devices and soak with water.

Standards

Greens	Platinum	Gold	Silver	Bronze
Sg. 1 Mowing frequency	Daily	Daily	Daily	Daily
Sg. 2 Cutting height	1/10-1/8 .100-.125	1/8-9/64 .125-.140	1/8-5/32 .125-.157	1/8-3/16 .125-.187
Sg. 3 Light topdressing	Weekly/Bi-Weekly	Bi-Weekly	Bi-Weekly/ (Feb. – June) Monthly(July – Jan.)	Optional
Sg. 4 Daily putting speed	10-12	9-10	8.0-9.0	7.0-8.0

Sg. 5 Cups changed	Daily	Daily	Daily >50 Rounds	Daily >50 Rounds
Sg. 6 Ball marks repaired, no ball marks within 10 foot radius of hole.	Daily	Daily	Daily	Daily
Sg. 7 Dew & clipping removal	Daily	Daily	Daily	Daily
Sg. 8 Over-seeding-warm season turf	Optional	Optional	Optional	Optional
Sg. 9 Course closed during over-seeding	RD/DoM	RD/DoM	No	No
Sg. 10 Amenities: Plastic or zinc cups Logo flags - course logo Red/white/blue flag system Replace flags & cups (12 mo. Play)	OK Mandatory Optional 4x/year	OK Mandatory Optional 4x/year	OK No Mandatory 3x/year	OK No Mandatory 2x/year
Sg. 11 Irrigation Head Trimming	Bi-Weekly	Bi-Weekly	Tri-Weekly	Tri-Weekly

Overview: Tee's should be smooth, completely turfed, level, firm but not hard, clean, properly directed, with amenities in good condition and repair, consistent and uniform. Markers rotated consistent with cup rotation system and aligned with the line of play.

Aerify tee boxes at least 3 times per year and top dress.

Verticut tee twice a year for thatch removal.

Tees, Collars & Approaches				
	Platinum	Gold	Silver	Bronze
St. 1 Mowing frequency	3x plus nine	3x plus nine	3x/week	3x/week
St. 2 Cutting height	1/4-3/8 .250-.375	5/16-7/16 .312-.437	3/8-1/2 .375-.500	1/2-3/4 .500-.750
St. 3 Greens approach & collar cut frequency	3x plus 9	3x plus 10	3x/week	3x/week

St. 4				
Tee markers changed	Daily	Daily	Daily >50 Rounds	Daily >50 Rounds
St. 5				
Divots repaired	Daily	Daily	Daily	Daily
St. 6				
Green divot sand	Optional	Optional	No	No
St. 7				
Over-seeding-warm season turf	Optional	Optional	Mandatory	Optional
St. 8				
Course closed during over-seeding	RD/DoM approval	RD/DoM approval	No	No
St. 9				
Amenities:				
Ball washers/trash containers				
-Regular tees	All holes	All holes	All holes	9 per 18
-Forward tees	All holes	Optional	Optional	No
St. 10				
Ball washer detailing	Daily	Daily	3x/week	3x/week
St. 11				
Course logo tee markers	Optional	Optional	No	No
Benches as needed	Optional	Optional	Yes	Optional
Tee signage – purchased	Yes	Yes	Yes/ City Logo	Yes
Yardage monuments	Yes	Yes	Yes	Optional
Divot bottles on carts	Yes	Yes	Yes	No
Divot buckets on Par 3's	Yes	Yes	Yes	Yes
St. 12				
Irrigation head trimming	Bi-Weekly	Bi-Weekly	Tri-weekly	Tri-weekly

Course Restrooms

	Platinum	Gold	Silver	Bronze
Srr. 1				
-Service frequency	2x/day	2x/day	2x/day	2x/day
Srr. 2				
-Porta-let pumping frequency	2x/week	2x/week	2x/week	2x/week
Srr.3 All drinking fountains maintained and repaired so as to be sanitary, secured and functional.				

Overview: Fairways should be smooth, uniform turf cover,
 stripe-mowed, clean, firm but not hard,
 well defined and contoured
 to properly support the ball for play
 Aerify at least 3 times per year.
 Verticut fairways as necessary for turf health and
 playing condition.
 Over-seed and top dress (or resod) worn or bare
 areas of fairways as necessary.

Fairways				
	Platinum	Gold	Silver	Bronze
Sf. 1				
Mowing frequency	3x/week plus 9 Sat & Sun	2x/week plus 10 Sat & Sun	3x/week	2-3x/week
Sf. 2				
Cutting height	5/16-7/16 .312-.437	7/16-1/2 .437-.500	1/2-5/8 .500-.625	1/2 - 3/4 .500-.750
Sf. 3				
Divot repair	5x/week	2-3x/week	1x/week	1x/week
Sf. 4				
Divot repair (landing areas)	5x/week	5x/week	2x/week	1x/week
Sf. 5				
Overseeding - warm season turf	Optional	Optional	Optional/	Optional
Sf. 6				
Yardage markings				
(1 system minimum required.)				
-In roughs both/one sides 100, 150, 200	No	No	Yes	Optional
-Yardage disk(s) flush w/ground	Optional	Optional	Yes	Optional
-150 Vertical center post	No	Optional	Mandatory	Mandatory
-On sprinkler heads from 50 to 250 yards	Mandatory	Mandatory	50-200	50-150
-Marked on cart paths	Mandatory	Mandatory	Mandatory	Mandatory
Sf. 7				
Irrigation head edging	Bi-weekly	Every 3 wks	Monthly	N/A

Overview: Roughs should be properly mowed and trimmed, clean and adequately uniform for play, distinct in height from fairway and intermediate rough. Overseed and top dress (or resod) worn or bare areas in turn as necessary.

Roughs	Platinum	Gold	Silver	Bronze
Sr. 1 Mowing frequency	2-3x/week	2x/week	1-1.5x/week	1x/week
Sr. 2 Cutting height (effective)				
Warm Season	1.0-2.0	1.0-1.5	1.0-1.5	Same as frwy
Cool Season	1.5-2.5	1.5-2.5	1.5-2.0	1.5-2.0
Sr. 3 Over-seeding - Warm season turf (all segments market driven)	Optional	Optional	Optional	Optional
Sr. 4 Intermediate rough cut	Optional	Optional	No	No
Sr. 5 Caddie walks	Optional	Optional	No	No
Sr. 6 Mowing - green/tee banks	1-3x/week	2x/week	1-2x/week	1x/week
Sr. 7 Chemical trimming of trees, fences	No	Optional	Yes	Yes
Sr. 8 Growth Regs. (trees & fences)	Optional	Optional	Optional	No

Overview: Sand bunkers should be clean, well defined, weed-free, reasonably free of stones, raked and edged, well drained, uniform and consistent throughout each bunker and the golf course. Minimum sand depth of four inches. Rakes placed outside and parallel to the line of play. Bunkers should be replenished with approved bunker sand as needed to maintain proper depth.

Bunkers	Platinum	Gold	Silver	Bronze
Sb. 1 Mechanical or hand raking frequency MUST INCLUDE WEEKENDS & HOLIDAYS				
-Green bunkers	7x/week	7x/week	6x/week	4x/week
-Fairway bunkers	7x/week	7x/week	6x/week	4x/week
Sb. 2 Spot checking raking by hand				
-Green bunkers	N/A	N/A	Balance of days	None
Sb. 3 -Fairway bunkers	N/A	N/A	Balance of days	None
Sb.4 Edging-cool season grasses				
-Mechanical (interval) ex. stick edging (maintenance)	2 weeks	2 weeks	3 weeks	3 weeks
Sb. 5 -Chemical (primo)	Yes	Yes	Optional	No
Sb. 6 Edging - warm season grasses				
-Mechanical (interval) ex. stick edging (maintenance)	1-2 weeks	2 weeks	2 weeks	2 weeks
Sb. 7 -Chemical (primo)	Yes	Yes	Optional	No

Carts Paths, Curbs, & Traffic Control

Overview: All paths clean, well defined, edged, smooth, in good repair, well drained and properly located with adequate width and proper surface for use. Curbing should be used for traffic control wherever possible. Permanent traffic devices should be pre-approved and carried consistently throughout the property, keeping aesthetic value and safety in mind. To the extent practicable utilizing a weekly maintenance schedule, all cart paths shall be free of pot holes.

Carts Paths, Curbs, & Traffic Control		Platinum	Gold	Silver	Bronze
Scp.1					
Edging with disc (concrete)					
-Warm season (interval)		1-2 weeks	2 weeks	2 weeks	2 weeks
Scp. 2					
-Cool season (interval)		3-4 weeks	6-8 weeks	10-12 weeks	15-20 weeks
Scp. 3					
Sweeping/blowing paths (buffalo turbo.)					
-Green/tee areas		3x/week	3x/week	1x/week	1x/week
-All other		2-3x/week	2x/week	1x/week	Fridays
Scp. 4					
Worn areas adjacent to path					
-Where irrigated		Not Acceptable	Not Acceptable	Not Acceptable	Not Acceptable
Scp. 5					
Repair pot holes		1x/week	1x/week	1x/week	1x/week

Overview: These are areas that are meant to enhance the landscape and catch the eye of the customer, so they should be weed free, edged and have good seasonal color.

Landscape Beds		Platinum	Gold	Silver	Bronze
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SI. 1

Edging					
-Warm season (interval)		1 weeks	1 weeks	2 weeks	3 weeks
-Cool season (interval)		2 weeks	2 weeks	3 weeks	4 weeks

SI. 2

Chemically/Manual Remove Weeds	Weekly	Weekly	Bi-Weekly	Bi-Weekly
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SI.3

Mulching (raking & tilling)	1-2x/week	1-2x/week	Monthly	Monthly
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Driving Range & Practice Center

Overview: All practice greens are to be as similar as possible to well-maintained course greens: smooth, uniformly turfed, firm but not hard, well defined and free of all major pest problems. Amenities are to be uniform, clean and in good repair.

Bare areas on practice greens shall be overseeded and top dressed (or resodded) as necessary.

Greens shall be treated for foreign grasses and weeds, including Kikuyu and common Bermuda grass as appropriate using the latest chemistries available in California applied at the recommended label rates.
Quad needle (solid) tine aerations (practice greens) during periods of heavy play and excessive moisture.

Aerification (practice greens) 3/8" to 5/8" tines, 3 times annually. Remove cores and top dress with greens approved sand. Fill the cores to greens surface with top dressing sand and level with mat or other devices and soak with water.

1. Practice Green Standards

	Platinum	Gold	Silver	Bronze
Spg. 1				
Mowing frequency	Daily	Daily	Daily	Daily
Spg. 2				
Cutting height	1/10-1/8 .100-.125	1/8-9/64 .125-.140	1/8-5/32 .125-.157	1/8-3/16 .125-.187
Spg. 3				
Light topdressing	Weekly/Bi-Weekly	Bi-Weekly	Bi-Weekly- (Feb. – June) Monthly (July – Jan.)	Optional

Spg. 4 Daily putting speed	10-12	9-10	8.0-9.0	7.0-8.0
Spg. 5 Cups changed (no spiked flag sticks)	Daily	Daily	Daily >50 Rounds	Daily >50 Rounds
Spg. 6 Dew & clippings removal	Daily	Daily	Daily	Daily
Spg. 7 Over-seeding-warm season turf	Yes	Yes	Yes	Yes
Spg. 8 Amenities:				
Plastic or zinc cups	OK	OK	OK	OK
Logo markers	Optional	Optional	No	No

Overview: Range landing areas are to be clean, uniformly turfed and mowed, weed free and well marked to direct players. Nets and screens, when used, are to be in good repair, and uniformly and neatly trimmed.

Over-seed and top dress (or resod) worn or bare areas as necessary.

Range Landing Area Standards	Platinum	Gold	Silver	Bronze
Srl. 1 Mowing frequency	3x/week	2x/week	1x/week	1x/week
Srl. 2 Fairway cut on range	Yes	Yes	No	No
Srl. 3 Cutting height (Fairway) (Rough)	5/16-7/16 1.5-2.5	7/16-1/2 1.5-2.5	N/A 1.5-2.0	N/A 1.0-2.0
Sr. 4 Target greens	Yes	Yes	Yes	Yes
Srl. 5 Target green over-seeding if applicable	Yes	Yes	4.1.	Yes Paint

Srl. 6

Yardage flags with oversized poles

Yes

Yes

Yes

Yes

(New) Color Coded

With distance sign to each flag

Overview: All practice tees are to be smooth, completely turfed within the current line location, level, firm but not hard, properly directed. Amenities are to be in good condition and repair, consistent and uniform. Mats, if used, are to be clean and in good repair and replaced as necessary to ensure quality.

Over-seed and top dress (or resod) worn or bare areas as necessary.

Practice Tee Standards	Platinum	Gold	Silver	Bronze
Spt. 1				
Mowing frequency	4x/week	3x/week	2x/week	2x/week
Spt. 2				
Cutting height	1/4-3/8 .250-.375	5/16-7/16 .312-.437	3/8-1/2 .375-.500	1/2-3/4 .500-.750
Spt. 3				
Line location changed	Daily	Daily	Daily	Daily
Spt. 4				
Divots repaired	Daily	Daily	4x/week	3x/week
Spt. 5				
Over-seeding - warm season turf	Optional	Optional	Optional	Optional
Spt. 6				
Tee closed during over-seeding	RD/DoM	RD/Dom Approval	No	No
Spt. 7				
Amenities:				
Trash containers	Yes	Yes	Yes	Yes
Benches	Yes	Yes	Yes	Yes
Club washer	Yes	Yes	Yes	Yes
Spike brushes	Yes	Yes	Yes	Yes
Bag racks	Yes	Yes	Yes	Yes
Drinking water	Yes	Yes	Yes	Yes
Yardage marking system at tee	Yes	Yes	Yes	Yes
Range balls shall be in good and clean condition			Yes	

Mats shall be clean and free of torn areas

Yes

Overview: All trees that prevent 100% turf grass coverage in the "in play areas" due to light exclusion must be selectively pruned. Trees that impose a safety threat to golfers or staff (falling branches etc.) must be removed or selectively pruned. Tree canopy height shall be consistent throughout the golf course. Stumps are unacceptable in all segments with the exception of areas designated as natural habitats.

Tree Trimming	Platinum	Gold	Silver	Bronze
Stt.1				
Tree Trimming in play areas	Yes	Yes	Yes	Yes
Stt. 2				
Tree trimming rough	Yes	Yes	Yes	Yes

[The addition and/or removal of trees shall conform to an approved tree management plan. The tree management plan should be an element of the five year capital improvement plan.

Clubhouse Grounds—Silver

- Overview: neat well maintained grounds. Lawns mowed and edged weekly. All beds free of weeds, leaves and litter, use of annual color minimized in favor of perennials and shrubs. All grounds free of cigarette butts and debris.
- Parking lots, maintenance yard and sidewalks policed for litter daily, and swept or blown three times a week, prior to guests/members arrival or at night after closing.
- Lawns will be mowed and edged weekly.
- Annual plantings will be minimized: where they exist, they will be rotated as seasonal climate dictates.
- Landscape materials and perennials will be planted in properly amended soil and will be appropriate for the planted areas' sun and shade exposure.
- Plants will be irrigated appropriately.

Water Bodies-Silver

Overview: Clean, well defined, free of weeds, trash and noxious growth. Marked in accordance with USGA rules and materials.

General Maintenance duties:

All streambeds are to be regularly maintained to be free of debris and trash.

Drainage structures- Maintain and repair as necessary surface flow lines, swales, catch basins, grates, sub-surface drainage system and other drainage structures that are the responsibility of the Golf Course and keep such structures clear of soil and silt build up

Bridges, decking safety rails, abutments and approaches- Maintain structures physically safe and in stable condition at all times.

Rodent and other animal pests—Control vertebrate pest to protect against the destruction of golf course plantings, and golf turf areas. Protect and repair the golf course playing surfaces.

All lighting in the parking lot, clubhouse and maintenance areas shall be maintained and in good working condition.

Ball Protection fencing and property fencing: Maintain and repair all fencing to provide the intended protection and define property lines.

Poles and anchor lines should be maintained in a safe, secure, and aesthetically pleasing condition at all times.

Maintain the irrigation system, including pumping system, pump houses and backflow/gate valve assemblies, main lines, valves, lateral lines, and sprinkler heads and controllers in good repair, functioning to their design specifications as installed, and conforming to all related codes and regulations at all times.

Overview: each facility is to have a pre-defined, written plan developed by the Superintendent and General Manager, reviewed by the City of Chula Vista outlining how the golf course will be set up on a "High Utilization" peak day. Tee positions, pin placements, amenities, and general course maintenance should provide the guest an enjoyable golfing experience while maximizing tee time utilization. Each course plan should include the following as a minimum standard to be met:

Pace of Play Standards:				
	Platinum	Gold	Silver	Bronze
Spp.1				
Written Pace of Play Plan	Yes	Yes	Yes	Yes
Spp.2				
Tee marker placement defined in plan	Yes	Yes	Yes	Yes
Spp.3				
Pin positions defined in plan	Yes	Yes	Yes	Yes
Spp.4				
Red/white/blue flag system	Optional	Optional	Yes	Yes
Spp.5				
Fairway-cutting height	5/16-7/16 .312-.437	7/16-1/2 .437-.500	1/2-5/8 .500-.625	1/2 - 3/4 .500-.750
Spp.6				
Rough-cutting height	1.0-2.0	1.0-1.5	1.0-1.5	Same as frwy
(unless agronomic condition prevails)	1.5-2.5	1.5-2.5	1.5-2.0	1.5-2.0
Spp.7				
White OB Stakes	Yes	Yes	Yes	Yes
Spp.8				
Yellow/red hazard stakes-or-marking (lateral/red should be utilized whenever possible)	Yes	Yes	Yes	Yes
Spp.9				
Drop Areas Par 3's (forced to carry water)	Yes	Yes	Yes	Yes
Spp.10				
Near Known hazards	Yes	Yes	Yes	Yes
Spp.11				
Distance & Direction Markings				
200/150/100 markers on path	Bronze	Bronze	Hwy Marker (4" round #SC_@_CP)	Hwy Marker
200/150/100 painted on path	No	No	No	No
250/200/100 yardage flush with ground	Yes	Yes	Yes	Yes
150 vertical pole-center of fairway	Mandatory	Mandatory	Mandatory	Mandatory
Yardage on sprinkler heads	Yes	Yes	Optional	Optional

Yardage flush with ground on all tees	Yes	Yes	Yes	Yes
Signage indicating yardage to hazard target flags on blind holes	Yes	Yes	Yes	Yes
	Optional	Optional	Optional	Optional

Spp.12

Cart ruling (unless agronomic condition prevails)

Paths only	No	No	No	No
90 degree rule	Yes	Yes	Yes	Yes

Spp.13

Debris

Foliage/underbrush maintained	Yes	Yes	Yes	Yes
Leaf removal	Yes	Yes	Yes	Yes

SPP.14

Bunker rakes	1-20 lin. Ft	1-20 lin. Ft	1-20 lin. Ft	1-20 lin. Ft
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SPP. 15

Written Traffic Management Plan	Yes
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RESOLUTION NO. 2004-_____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
CHULA VISTA APPROVING A SECOND AMENDMENT TO
THE LEASE AGREEMENT BETWEEN THE CITY AND
AMERICAN GOLF CORPORATION TO INCREASE THE
STANDARD OF MAINTENANCE FROM A BRONZE TO A
SILVER STANDARD FOR THE CHULA VISTA MUNICIPAL
GOLF COURSE AND AUTHORIZING THE MAYOR TO
EXECUTE SAID SECOND AMENDMENT

WHEREAS, on October 15, 1984, the City Council approved a Lease Between the City of Chula Vista (City) and the American Golf Corporation (AGC) for the Operation of Public Golf Course and Driving Range; and

WHEREAS, on July 1, 1986, the City and AGC entered into a First Amendment to the Lease; and

WHEREAS, City staff has negotiated a lease amendment, attached as Exhibit C to the agenda statement, that increases the standard of maintenance for the Chula Vista Municipal Golf Course for the remaining term of the lease; and

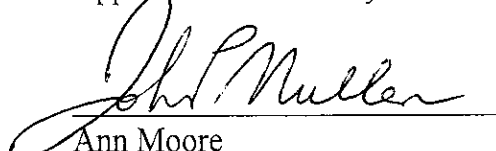
WHEREAS, AGC has increased its maintenance budget for the current year over \$100,000 to meet the silver maintenance standards in the proposed lease amendment and has appropriated over \$452,000 this year for capital improvements to the Golf Course;

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Chula Vista does hereby approve a Second Amendment to the Lease Agreement between the City and American Golf Corporation to increase the standard of maintenance from a bronze to a silver standard for the Chula Vista Municipal Golf Course and authorizes the Mayor to execute said Second Amendment.

Presented by

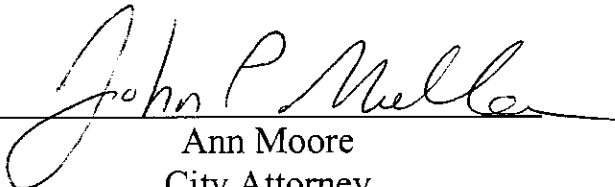
Dave Byers
Director of Public Works Operations

Approved as to form by


Ann Moore
City Attorney

J:Attorney/Reso/Amendments/ACG Lease Amendment

THE ATTACHED AGREEMENT HAS BEEN REVIEWED
AND APPROVED AS TO FORM BY THE CITY
ATTORNEY'S OFFICE AND WILL BE
FORMALLY SIGNED UPON APPROVAL BY
THE CITY COUNCIL


Ann Moore
City Attorney

Dated: 11/4/04

Second Amendment to the Lease Agreement
Between the City of Chula Vista and
American Golf Corporation to increase the Standard
Of Maintenance from a Bronze to a Silver Standard for the
Chula Vista Municipal Golf Course

SECOND AMENDMENT OF LEASE

1. Identification of Parties. This Second Amendment of Lease (this "Amendment") is made and entered into on this ____ day of November, 2004, by and between the City of Chula Vista, a municipal corporation ("City"), and American Golf Corporation, a California corporation ("Lessee").

2. Recitals.

2.1. City and Lessee are parties to that certain Lease For the Operation of a Public Golf Course and Driving Range dated October 15, 1984 ("Original Lease"). The Original Lease has heretofore been amended by that certain Amendment Number 1 of the Lease dated October 15, 1984 between City and Lessee. The Lease, as so amended, is referred to herein as the "Lease."

2.2. City and Lessee desire to amend the Lease, among other things, to change the standards by which Lessee maintains the demised premises, and to provide for the development of a mutually acceptable long-term capital improvement plan for the golf course, all upon the terms set forth in this Amendment.

In consideration of the foregoing recitals and the mutual covenants contained in this Amendment, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, City and Lessee desire to amend the Lease upon the terms set forth below.

3. Amendments.

3.1. Maintenance Standards.

(a) Section 11.B of the Lease is hereby deleted and replaced with the following:

"B. General Maintenance Specifications. Lessee, solely at its own cost and expense, shall maintain the demised premises in accordance with the Lessee's "Silver" maintenance standards as modified and set forth on Exhibit 'A' attached hereto and incorporated herein by this reference. Each year during the term of this Lease, Lessee shall in good faith establish a budget which specifies the amounts Lessee estimates are necessary for Lessee to expend in order to satisfy its maintenance obligations hereunder for the ensuing calendar year. Lessee shall not modify the maintenance standards set forth in Exhibit A without the express written consent of the City. Exhibit "D" attached to the Lease is hereby deleted, it being understood and agreed that all references in the Lease to Exhibit "D" shall now be to Exhibit "A" attached to this Amendment.

3.2. Capital Improvement Plan. Each year during the term of the Lease, as amended by this Amendment, City and Lessee shall endeavor to develop a mutually agreeable capital improvement plan ("plan) covering the immediately succeeding five (5) full calendar year period. City and Lessee shall act in good faith and reasonably cooperate with each other in developing each such plan. Lessee's obligation to implement the provisions of each plan shall be contingent upon the approval by Lessee's Board of Directors of funding the expenditures required to implement the plan. If Lessee's Board of Directors does not approve such funding for any reason, then Lessee shall not be obligated to expend such funds or implement the applicable plan, and the failure to expend such funds or implement the applicable plan shall not constitute a breach of the Lease, as amended by this Amendment, by Lessee. Notwithstanding that each plan will cover a five (5) year period, City acknowledges that Lessee anticipates that Lessee's Board of Directors will not in any instance approve the expenditure of funds more than one (1) year in advance. Nothing in this section relieves Lessee of its obligation to maintain the demised premises in accordance with the standards set forth in Exhibit A.

4. No Other Changes. Except as expressly amended by this Amendment, the Lease remains unchanged and shall continue in full force and effect.

In witness whereof, City and Lessee have executed this Amendment as of the date first set forth above.

"CITY"

THE CITY OF CHULA VISTA,
a municipal corporation

By: _____
Name: _____
Its: Mayor

Attest:

Susan Bigelow, City Clerk

Approved as to Form:

Ann Moore, City Attorney

"LESSEE"

AMERICAN GOLF CORPORATION,
a California corporation

By: 

Name: Mark J. Friedman

Its: General Counsel/Secretary

EXHIBIT "A"

Maintenance Standards

Overview: All greens are to be smooth, uniformly covered with turf, firm but not hard, well defined and free of all major pest problems. Cups, poles and flags are to be uniform, clean and in good repair. Outline should be consistent with predetermined dimensions.

Greens shall be treated for foreign grasses and weeds, including Kikuyu and common Bermuda grass as appropriate using the latest chemistries available in California applied at the recommended label rates. Quad needle (solid) tine aerations during periods of heavy play and excessive moisture.

Aerification 3/8" to 5/8" tines, 3 times annually. Remove cores and top dress with greens appropriate sand. Fill the cores to greens surface with top dressing sand and level with mat or other devices and soak with water.

Standards

Greens	Platinum	Gold	Silver	Bronze
Sg. 1				
Mowing frequency	Daily	Daily	Daily	Daily
Sg. 2				
Cutting height	1/10-1/8 .100-.125	1/8-9/64 .125-140	1/8-5/32 .125-.157	1/8-3/16 .125-.187
Sg. 3				
Light topdressing	Weekly/Bi-Weekly	Bi-Weekly	Bi-Weekly/ (Feb. – June) Monthly(July – Jan.)	Optional
Sg. 4				
Daily putting speed	10-12	9-10	8.0-9.0	7.0-8.0

Sg. 5 Cups changed	Daily	Daily	Daily >50 Rounds	Daily >50 Rounds
Sg. 6 Ball marks repaired, no ball marks within 10 foot radius of hole.	Daily	Daily	Daily	Daily
Sg. 7 Dew & clipping removal	Daily	Daily	Daily	Daily
Sg. 8 Over-seeding-warm season turf	Optional	Optional	Optional	Optional
Sg. 9 Course closed during over-seeding	RD/DoM	RD/DoM	No	No
Sg. 10 Amenities: Plastic or zinc cups Logo flags - course logo Red/white/blue flag system Replace flags & cups (12 mo. Play)	OK Mandatory Optional 4x/year	OK Mandatory Optional 4x/year	OK No Mandatory 3x/year	OK No Mandatory 2x/year
Sg. 11 Irrigation Head Trimming	Bi-Weekly	Bi-Weekly	Tri-Weekly	Tri-Weekly

Overview: Tee's should be smooth, completely turfed, level, firm but not hard, clean, properly directed, with amenities in good condition and repair, consistent and uniform. Markers rotated consistent with cup rotation system and aligned with the line of play.

Aerify tee boxes at least 3 times per year and top dress.

Verticut tee twice a year for thatch removal.

Tees, Collars & Approaches				
	Platinum	Gold	Silver	Bronze
St. 1				
Mowing frequency	3x plus nine	3x plus nine	3x/week	3x/week
St. 2				
Cutting height	1/4-3/8 .250-.375	5/16-7/16 .312-.437	3/8-1/2 .375-.500	1/2-3/4 .500-.750
St. 3				
Greens approach & collar cut frequency	3x plus 9	3x plus 10	3x/week	3x/week

St. 4				
Tee markers changed	Daily	Daily	Daily >50 Rounds	Daily >50 Rounds
St. 5				
Divots repaired	Daily	Daily	Daily	Daily
St. 6				
Green divot sand	Optional	Optional	No	No
St. 7				
Over-seeding-warm season turf	Optional	Optional	Mandatory	Optional
St. 8				
Course closed during over-seeding	RD/DoM approval	RD/DoM approval	No	No
St. 9				
Amenities:				
Ball washers/trash containers				
-Regular tees	All holes	All holes	All holes	9 per 18
-Forward tees	All holes	Optional	Optional	No
St. 10				
Ball washer detailing	Daily	Daily	3x/week	3x/week
St. 11				
Course logo tee markers	Optional	Optional	No	No
Benches as needed	Optional	Optional	Yes	Optional
Tee signage – purchased	Yes	Yes	Yes/ City Logo	Yes
Yardage monuments	Yes	Yes	Yes	Optional
Divot bottles on carts	Yes	Yes	Yes	No
Divot buckets on Par 3's	Yes	Yes	Yes	Yes
St. 12				
Irrigation head trimming	Bi-Weekly	Bi-Weekly	Tri-weekly	Tri-weekly

Course Restrooms	Platinum	Gold	Silver	Bronze
Srr. 1				
-Service frequency	2x/day	2x/day	2x/day	2x/day
Srr. 2				
-Porta-let pumping frequency	2x/week	2x/week	2x/week	2x/week
Srr.3 All drinking fountains maintained and repaired so as to be sanitary, secured and functional.				

Overview: Fairways should be smooth, uniform turf cover,
 stripe-mowed, clean, firm but not hard,
 well defined and contoured
 to properly support the ball for play
 Aerify at least 3 times per year.
 Verticut fairways as necessary for turf health and
 playing condition.
 Over-seed and top dress (or resod) worn or bare
 areas of fairways as necessary.

Fairways				
	Platinum	Gold	Silver	Bronze
Sf. 1				
Mowing frequency	3x/week plus 9 Sat & Sun	2x/week plus 10 Sat & Sun	3x/week	2-3x/week
Sf. 2				
Cutting height	5/16-7/16 .312-.437	7/16-1/2 .437-.500	1/2-5/8 .500-.625	1/2 - 3/4 .500-.750
Sf. 3				
Divot repair	5x/week	2-3x/week	1x/week	1x/week
Sf. 4				
Divot repair (landing areas)	5x/week	5x/week	2x/week	1x/week
Sf. 5				
Overseeding - warm season turf	Optional	Optional	Optional/	Optional
Sf. 6				
Yardage markings				
(1 system minimum required.)				
-In roughs both/one sides 100, 150, 200	No	No	Yes	Optional
-Yardage disk(s) flush w/ground	Optional	Optional	Yes	Optional
-150 Vertical center post	No	Optional	Mandatory	Mandatory
-On sprinkler heads from 50 to 250 yards	Mandatory	Mandatory	50-200	50-150
-Marked on cart paths	Mandatory	Mandatory	Mandatory	Mandatory
Sf. 7				
Irrigation head edging	Bi-weekly	Every 3 wks	Monthly	N/A

Overview: Roughs should be properly mowed and trimmed, clean and adequately uniform for play, distinct in height from fairway and intermediate rough. Overseed and top dress (or resod) worn or bare areas in turn as necessary.

Roughs	Platinum	Gold	Silver	Bronze
Sr. 1				
Mowing frequency	2-3x/week	2x/week	1-1.5x/week	1x/week
Sr. 2				
Cutting height (effective)				
Warm Season	1.0-2.0	1.0-1.5	1.0-1.5	Same as frwy
Cool Season	1.5-2.5	1.5-2.5	1.5-2.0	1.5-2.0
Sr. 3				
Over-seeding - Warm season turf (all segments market driven)	Optional	Optional	Optional	Optional
Sr. 4				
Intermediate rough cut	Optional	Optional	No	No
Sr. 5				
Caddie walks	Optional	Optional	No	No
Sr. 6				
Mowing - green/tee banks	1-3x/week	2x/week	1-2x/week	1x/week
Sr. 7				
Chemical trimming of trees, fences	No	Optional	Yes	Yes
Sr. 8				
Growth Regs. (trees & fences)	Optional	Optional	Optional	No

Overview: Sand bunkers should be clean, well defined, weed-free, reasonably free of stones, raked and edged, well drained, uniform and consistent throughout each bunker and the golf course. Minimum sand depth of four inches. Rakes placed outside and parallel to the line of play. Bunkers should be replenished with approved bunker sand as needed to maintain proper depth.

Bunkers	Platinum	Gold	Silver	Bronze
Sb. 1 Mechanical or hand raking frequency MUST INCLUDE WEEKENDS & HOLIDAYS				
-Green bunkers	7x/week	7x/week	6x/week	4x/week
-Fairway bunkers	7x/week	7x/week	6x/week	4x/week
Sb. 2 Spot checking raking by hand				
-Green bunkers	N/A	N/A	Balance of days	None
Sb. 3 -Fairway bunkers	N/A	N/A	Balance of days	None
Sb.4 Edging-cool season grasses				
-Mechanical (interval) ex. stick edging (maintenance)	2 weeks	2 weeks	3 weeks	3 weeks
Sb. 5 -Chemical (primo)	Yes	Yes	Optional	No
Sb. 6 Edging - warm season grasses				
-Mechanical (interval) ex. stick edging (maintenance)	1-2 weeks	2 weeks	2 weeks	2 weeks
Sb. 7 -Chemical (primo)	Yes	Yes	Optional	No

Carts Paths, Curbs, & Traffic Control

Overview: All paths clean, well defined, edged, smooth, in good repair, well drained and properly located with adequate width and proper surface for use. Curbing should be used for traffic control wherever possible. Permanent traffic devices should be pre-approved and carried consistently throughout the property, keeping aesthetic value and safety in mind. To the extent practicable utilizing a weekly maintenance schedule, all cart paths shall be free of pot holes.

Carts Paths, Curbs, & Traffic Control	Platinum	Gold	Silver	Bronze
Scp.1 Edging with disc (concrete) -Warm season (interval)	1-2 weeks	2 weeks	2 weeks	2 weeks
Scp. 2 -Cool season (interval)	3-4 weeks	6-8 weeks	10-12 weeks	15-20 weeks
Scp. 3 Sweeping/blowing paths (buffalo turbo.) -Green/tee areas -All other	3x/week 2-3x/week	3x/week 2x/week	1x/week 1x/week	1x/week Fridays
Scp. 4 Worn areas adjacent to path -Where irrigated	Not Acceptable	Not Acceptable	Not Acceptable	Not Acceptable
Scp. 5 Repair pot holes	1x/week	1x/week	1x/week	1x/week

Overview: These are areas that are meant to enhance the landscape and catch the eye of the customer, so they should be weed free, edged and have good seasonal color.

Landscape Beds	Platinum	Gold	Silver	Bronze
SI. 1 Edging -Warm season (interval) -Cool season (interval)	1 weeks 2 weeks	1 weeks 2 weeks	2 weeks 3 weeks	3 weeks 4 weeks

SI. 2

Chemically/Manual Remove Weeds	Weekly	Weekly	Bi-Weekly	Bi-Weekly
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SI.3

Mulching (raking & tilling)	1-2x/week	1-2x/week	Monthly	Monthly
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Driving Range & Practice Center

Overview: All practice greens are to be as similar as possible to well-maintained course greens: smooth, uniformly turfed, firm but not hard, well defined and free of all major pest problems. Amenities are to be uniform, clean and in good repair.

Bare areas on practice greens shall be overseeded and top dressed (or resodded) as necessary.

Greens shall be treated for foreign grasses and weeds, including Kikuyu and common Bermuda grass as appropriate using the latest chemistries available in California applied at the recommended label rates.

Quad needle (solid) tine aerations (practice greens) during periods of heavy play and excessive moisture.

Aerification (practice greens) 3/8" to 5/8" tines, 3 times annually. Remove cores and top dress with greens approved sand. Fill the cores to greens surface with top dressing sand and level with mat or other devices and soak with water.

1. Practice Green Standards

	Platinum	Gold	Silver	Bronze
Spg. 1				
Mowing frequency	Daily	Daily	Daily	Daily
Spg. 2				
Cutting height	1/10-1/8 .100-.125	1/8-9/64 .125-.140	1/8-5/32 .125-.157	1/8-3/16 .125-.187
Spg. 3				
Light topdressing	Weekly/Bi-Weekly	Bi-Weekly	Bi-Weekly- (Feb. – June) Monthly (July – Jan.)	Optional

Spg. 4 Daily putting speed	10-12	9-10	8.0-9.0	7.0-8.0
Spg. 5 Cups changed (no spiked flag sticks)	Daily	Daily	Daily >50 Rounds	Daily >50 Rounds
Spg. 6 Dew & clippings removal	Daily	Daily	Daily	Daily
Spg. 7 Over-seeding-warm season turf	Yes	Yes	Yes	Yes
Spg. 8 Amenities: Plastic or zinc cups Logo markers	OK Optional	OK Optional	OK No	OK No

Overview: Range landing areas are to be clean, uniformly turfed and mowed, weed free and well marked to direct players. Nets and screens, when used, are to be in good repair, and uniformly and neatly trimmed.

Over-seed and top dress (or resod) worn or bare areas as necessary.

Range Landing Area Standards				
	Platinum	Gold	Silver	Bronze
Srl. 1 Mowing frequency	3x/week	2x/week	1x/week	1x/week
Srl. 2 Fairway cut on range	Yes	Yes	No	No
Srl. 3 Cutting height (Fairway) (Rough)	5/16-7/16 1.5-2.5	7/16-1/2 1.5-2.5	N/A 1.5-2.0	N/A 1.0-2.0
Sr. 4 Target greens	Yes	Yes	Yes	Yes
Srl. 5 Target green over-seeding if applicable	Yes	Yes	4.1.	Yes Paint

Srl. 6

Yardage flags with oversized poles

Yes

Yes

Yes

Yes

(New) Color Coded

With distance sign to each flag

Overview: All practice tees are to be smooth, completely turfed within the current line location, level, firm but not hard, properly directed. Amenities are to be in good condition and repair, consistent and uniform. Mats, if used, are to be clean and in good repair and replaced as necessary to ensure quality.

Over-seed and top dress (or resod) worn or bare areas as necessary.

Practice Tee Standards				
	Platinum	Gold	Silver	Bronze
Spt. 1				
Mowing frequency	4x/week	3x/week	2x/week	2x/week
Spt. 2				
Cutting height	1/4-3/8 .250-.375	5/16-7/16 .312-.437	3/8-1/2 .375-.500	1/2-3/4 .500-.750
Spt. 3				
Line location changed	Daily	Daily	Daily	Daily
Spt. 4				
Divots repaired	Daily	Daily	4x/week	3x/week
Spt. 5				
Over-seeding - warm season turf	Optional	Optional	Optional	Optional
Spt. 6				
Tee closed during over-seeding	RD/DoM	RD/Dom Approval	No	No
Spt. 7				
Amenities:				
Trash containers	Yes	Yes	Yes	Yes
Benches	Yes	Yes	Yes	Yes
Club washer	Yes	Yes	Yes	Yes
Spike brushes	Yes	Yes	Yes	Yes
Bag racks	Yes	Yes	Yes	Yes
Drinking water	Yes	Yes	Yes	Yes
Yardage marking system at tee	Yes	Yes	Yes	Yes
Range balls shall be in good and clean condition			Yes	

Mats shall be clean and free of torn areas

Yes

Overview: All trees that prevent 100% turf grass coverage in the "in play areas" due to light exclusion must be selectively pruned. Trees that impose a safety threat to golfers or staff (falling branches etc.) must be removed or selectively pruned. Tree canopy height shall be consistent throughout the golf course. Stumps are unacceptable in all segments with the exception of areas designated as natural habitats.

Tree Trimming	Platinum	Gold	Silver	Bronze
Stt. 1				
Tree Trimming in play areas	Yes	Yes	Yes	Yes
Stt. 2				
Tree trimming rough	Yes	Yes	Yes	Yes

[The addition and/or removal of trees shall conform to an approved tree management plan. The tree management plan should be an element of the five year capital improvement plan.

Clubhouse Grounds—Silver

- Overview: neat well maintained grounds. Lawns mowed and edged weekly. All beds free of weeds, leaves and litter, use of annual color minimized in favor of perennials and shrubs. All grounds free of cigarette butts and debris.
- Parking lots, maintenance yard and sidewalks policed for litter daily, and swept or blown three times a week, prior to guests/members arrival or at night after closing.
- Lawns will be mowed and edged weekly.
- Annual plantings will be minimized: where they exist, they will be rotated as seasonal climate dictates.
- Landscape materials and perennials will be planted in properly amended soil and will be appropriate for the planted areas' sun and shade exposure.
- Plants will be irrigated appropriately.

Water Bodies-Silver

Overview: Clean, well defined, free of weeds, trash and noxious growth. Marked in accordance with USGA rules and materials.

General Maintenance duties:

All streambeds are to be regularly maintained to be free of debris and trash.

Drainage structures- Maintain and repair as necessary surface flow lines, swales, catch basins, grates, sub-surface drainage system and other drainage structures that are the responsibility of the Golf Course and keep such structures clear of soil and silt build up

Bridges, decking safety rails, abutments and approaches- Maintain structures physically safe and in stable condition at all times.

Rodent and other animal pests—Control vertebrate pest to protect against the destruction of golf course plantings, and golf turf areas. Protect and repair the golf course playing surfaces.

All lighting in the parking lot, clubhouse and maintenance areas shall be maintained and in good working condition.

Ball Protection fencing and property fencing: Maintain and repair all fencing to provide the intended protection and define property lines.

Poles and anchor lines should be maintained in a safe, secure, and aesthetically pleasing condition at all times.

Maintain the irrigation system, including pumping system, pump houses and backflow/gate valve assemblies, main lines, valves, lateral lines, and sprinkler heads and controllers in good repair, functioning to their design specifications as installed, and conforming to all related codes and regulations at all times.

Overview: each facility is to have a pre-defined, written plan developed by the Superintendent and General Manager, reviewed by the City of Chula Vista outlining how the golf course will be set up on a "High Utilization" peak day. Tee positions, pin placements, amenities, and general course maintenance should provide the guest an enjoyable golfing experience while maximizing tee time utilization. Each course plan should include the following as a minimum standard to be met:

Pace of Play Standards:				
	Platinum	Gold	Silver	Bronze
Spp.1				
Written Pace of Play Plan	Yes	Yes	Yes	Yes
Spp.2				
Tee marker placement defined in plan	Yes	Yes	Yes	Yes
Spp.3				
Pin positions defined in plan	Yes	Yes	Yes	Yes
Spp.4				
Red/white/blue flag system	Optional	Optional	Yes	Yes
Spp.5				
Fairway-cutting height	5/16-7/16 .312-.437	7/16-1/2 .437-.500	1/2-5/8 .500-.625	1/2 - 3/4 .500-.750
Spp.6				
Rough-cutting height	1.0-2.0	1.0-1.5	1.0-1.5	Same as frwy
(unless agronomic condition prevails)	1.5-2.5	1.5-2.5	1.5-2.0	1.5-2.0
Spp.7				
White OB Stakes	Yes	Yes	Yes	Yes
Spp.8				
Yellow/red hazard stakes-or-marking (lateral/red should be utilized whenever possible)	Yes	Yes	Yes	Yes
Spp.9				
Drop Areas Par 3's (forced to carry water)	Yes	Yes	Yes	Yes
Spp.10				
Near Known hazards	Yes	Yes	Yes	Yes
Spp.11				
Distance & Direction Markings				
200/150/100 markers on path	Bronze	Bronze	Hwy Marker (4" round #SC_@_CP)	Hwy Marker
200/150/100 painted on path	No	No	No	No
250/200/100 yardage flush with ground	Yes	Yes	Yes	Yes
150 vertical pole-center of fairway	Mandatory	Mandatory	Mandatory	Mandatory
Yardage on sprinkler heads	Yes	Yes	Optional	Optional

Yardage flush with ground on all tees	Yes	Yes	Yes	Yes
Signage indicating yardage to hazard	Yes	Yes	Yes	Yes
target flags on blind holes	Optional	Optional	Optional	Optional

Spp.12

Cart ruling (unless agronomic condition prevails)

Paths only	No	No	No	No
90 degree rule	Yes	Yes	Yes	Yes

Spp.13

Debris

Foliage/underbrush maintained	Yes	Yes	Yes	Yes
Leaf removal	Yes	Yes	Yes	Yes

SPP.14

Bunker rakes	1-20 lin. Ft	1-20 lin. Ft	1-20 lin. Ft	1-20 lin. Ft
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SPP. 15

Written Traffic Management Plan	Yes
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RESOLUTION NO. 2004-_____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
CHULA VISTA AMENDING THE CITY'S MASTER FEE
SCHEDULE AND ESTABLISHING NEW GREENS FEES AT
CHULA VISTA MUNICIPAL GOLF COURSE

WHEREAS, on October 15, 1984, the City Council approved a Lease Between the City of Chula Vista (City) and the American Golf Corporation (AGC) for the Operation of Public Golf Course and Driving Range; and

WHEREAS, on July 1, 1986, the City and AGC entered into a First Amendment to the Lease. The Original Lease and that First Amendment are referred to as "the "Lease"; and

WHEREAS, Section 12f of the Lease provides in relevant part, "City shall have the right to approve the greens fees charged by Lessee. It is the City's intention that such greens fees may be comparable to those fees charged by other comparable public golf courses in San Diego County for similar services" and;

WHEREAS, AGC has submitted a request for a increase in certain greens fees and it has been approximately five years since the last rate increase submittal by AGC; and

WHEREAS, in consideration of the approval of the proposed green fee increase, AGC has agreed to a lease amendment that, if approved by the City Council, would increase the standards by which AGC is required to maintain the Chula Vista Municipal Golf Course; and

WHEREAS, at the Parks and Recreation Commission Meeting on October 21, 2004, the Commission endorsed (5-0) the fee increase provided that the lease amendment is signed by AGC prior to the new green fees going into effect and that the Men's and Women's Golf Clubs be notified; and

WHEREAS, staff compared the rate increase requested by AGC to comparable courses in the area, such as Coronado, Bonita, Balboa and Oceanside, as well as to the amenities provided at the comparable courses for the fees charged; and

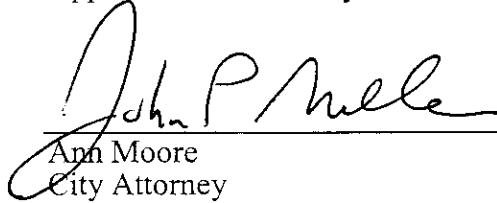
NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Chula Vista does hereby amend the Master Fee Schedule and establish new Greens Fees at the Chula Vista Municipal Golf Course in accordance with staff's proposal in Table 5 of the Agenda Statement, a copy of which is on file with the City Clerk;

BE IT FURTHER RESOLVED, the new fees shall become effective on December 1, 2004, provided the City Council has approved, and AGC has executed, the Second Amendment to the Lease on file with the City Clerk.

Presented by

Dave Byers
Director of Public Works Operations

Approved as to form by



John P. Moore
City Attorney

J:\attorney\reso\finance\MFS - agc greems fees

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